

A large, stylized sunburst graphic in shades of blue and white, centered on the page. The sunburst has many sharp, triangular rays emanating from a central circular core. The rays are layered, creating a sense of depth and movement.

# Member Handbook

Effective as of January 1, 2001





# The CalSTRS Member Handbook

was prepared by the staff of the California State Teachers' Retirement System to assist CalSTRS Defined Benefit Program members in understanding their member benefits.

The summarized data pertain to the Teachers' Retirement Law and procedures effective as of January 1, 2001. The *Member Handbook* is intended as a ready source of information about CalSTRS and not as a legal document or a substitute for the law. If differences appear between the law and the handbook, the law must prevail.

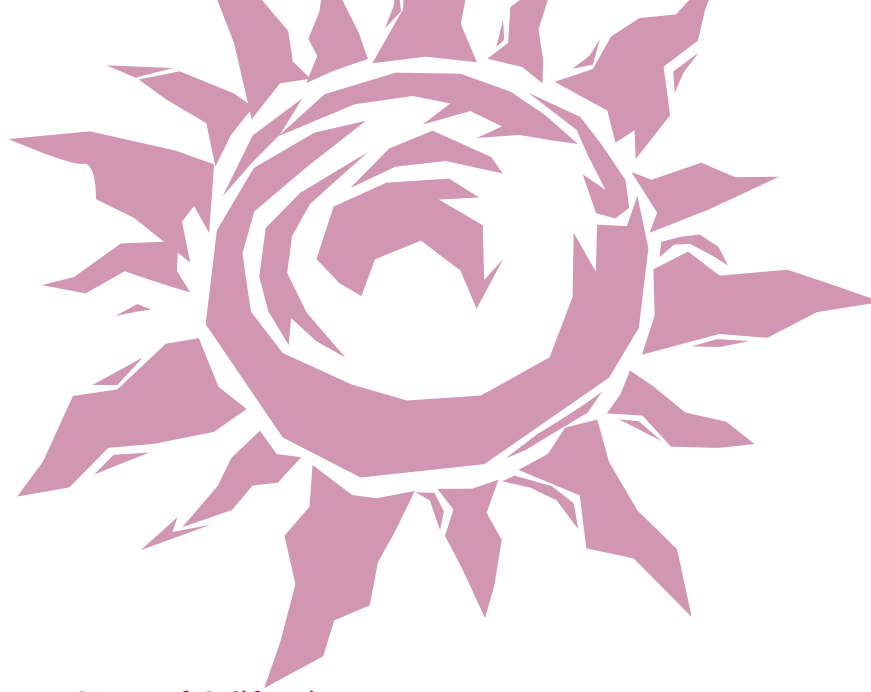
The State Teachers' Retirement Law consists of Part 13, also known as the E. Richard Barnes Act, Part 13.5 and Part 14 of Division 1 of the California Education Code. The law establishes the State Teachers' Retirement Plan, which consists of the CalSTRS Defined Benefit Supplement Program, Defined Benefit Supplement Program and the CalSTRS Cash Balance Benefit Program. Part 13 includes the provisions of the CalSTRS Defined Benefit Program and DBS Program and regulates all activities of the California State Teachers' Retirement System. Part 13.5 includes provisions concerning health care benefits for CalSTRS members. Part 14 establishes an alternative plan for part-time educators, known as the Cash Balance Benefit Program.

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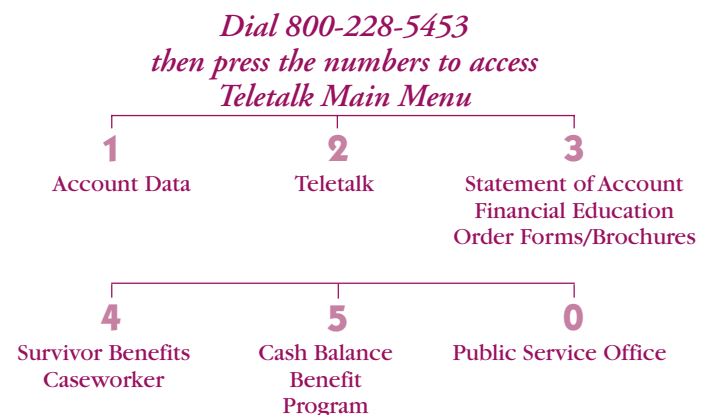
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*Lifelong  
service and  
security to  
meet the  
changing  
needs of  
California's  
educators.*

**The CalSTRS Vision**

*Dear Reader,*

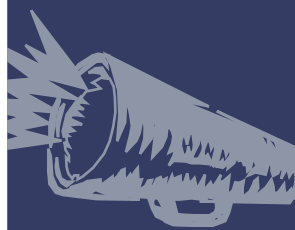
**W**elcome to the California State Teachers' Retirement System. I am pleased to present the latest edition of the *Member Handbook*. Whether you are just beginning your career in education or are an experienced educator, I think the handbook will answer many of the questions you have about your benefit coverage. The information in it can help you make informed decisions during your active career and prepare fully for your retirement.

As the nation's largest teachers' pension fund, our dedicated, professional and conscientious staff works hard to improve service and responsiveness to members' needs. Although we serve many—more than 661,000 active and retired members—we are committed to providing exemplary service to each and every person who calls, writes or visits CalSTRS.

Service to CalSTRS members and the security of the Teachers' Retirement Fund remain our highest priorities. We look forward to assisting you throughout your career and retirement.

Sincerely,

James D. Mosman  
*Chief Executive Officer*











# Introduction

**T**he CalSTRS *Member Handbook* provides an overview of the programs and services administered by the California State Teachers' Retirement System. It has been prepared to answer frequently asked questions about your retirement system and to help you understand the benefits and responsibilities of membership in the CalSTRS Defined Benefit Program.

## Changes in Benefits

Active member benefit changes include establishment of a Defined Benefit Supplement account (see page 8); one-year final compensation for 25 or more years of credited service (see page 27); a longevity bonus (page 27); and, effective no earlier than July 1, 2002, an expansion of what is considered creditable compensation and service. This last benefit change will be fully described in the 2002 *Member Handbook*.

Benefit changes of interest to active members soon to retire are provision of Medicare Part A (see page 21) and new post-retirement earnings limitation exemptions (see page 40).

Statutory changes are made from time to time that affect CalSTRS benefits and that may affect any decisions you make in relation to those benefits. These changes are made by the California Legislature and the Governor. Although CalSTRS makes every effort to keep its members informed about changes in its benefit structure, it cannot safely predict what the Legislature and Governor may do that might be of interest to you. For this reason, you should keep yourself informed about possible benefit changes by consulting the CalSTRS Web site ([www.calstrs.ca.gov](http://www.calstrs.ca.gov)), the CalSTRS Public Service Office (1-800-228-5453), CalSTRS retirement counselors, your union representative (if applicable), your legislative representative and any other source that you believe may be helpful to you before you make any final decision. You are ultimately responsible for any decision you make in regard to your CalSTRS benefits.

## Helpful Definitions

**Creditable service** and **creditable compensation** are terms that appear often in this handbook. The simple description of "creditable service" is the kind of work activities that count toward years of service for CalSTRS retirement purposes. Creditable compensation, on the other hand, is the pay that members of the CalSTRS DB Program receive for creditable service that counts for retirement purposes. The Teachers' Retirement Law defines what counts and what does not.

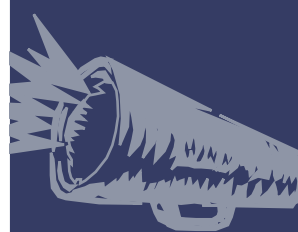
Another term that is used in this handbook is **allowance**, which refers to the monthly benefits paid under one of the CalSTRS retirement, disability or survivor programs.

The glossary in Section XI will help to explain other concepts and terms you will find in this handbook.

If you need additional information, other resources are listed in Section X, General Information.



## INTRODUCTION







## A Brief History of the California State Teachers' Retirement System

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school teachers. Membership in the CalSTRS Defined Benefit Program includes all employees in California public schools from kindergarten through community college in positions performing creditable service under the DB Program.

### Teachers' Retirement Board

The California State Teachers' Retirement System is administered by the 12-member Teachers' Retirement Board. The Governor appoints eight members to serve four-year terms.

- two teacher representatives from kindergarten through twelfth grade appointed by the Governor from a list of candidates recommended by the Superintendent of Public Instruction
- a retired member of CalSTRS from a list of candidates recommended by the Superintendent of Public Instruction
- a community college instructor who has expertise in the areas of business, economics, or both, appointed from a list submitted by the Board of Governors of the California Community Colleges
- a member of the governing board of a school district or a community college district, appointed from a list of candidates recommended by the Superintendent of Public Instruction
- an insurance official
- an officer of a banking institution, who has at least five years of broad professional investment experience
- a public representative

(The last three appointments require Senate confirmation.)

Four board members serve in an ex-officio capacity by virtue of their office: State Superintendent of Public Instruction; State Controller; State Treasurer; and Director, Department of Finance.

The Teachers' Retirement Board sets the policies and makes rules for the California State Teachers' Retirement System and is responsible for ensuring benefits are paid by the system in accordance with law.

The board appoints a Chief Executive Officer to administer the system consistent with the board's policies and rules. The board also selects a Chief Investment Officer to direct the investment of the Teachers' Retirement Fund, in accordance with board policy.

The board has six standing committees: Benefits and Services, Budgets and Audits, Executive Compensation, Governance, Health Benefits and Investment (a committee of the whole).

### Teachers' Retirement Fund

The Teachers' Retirement Fund is a special trust fund established by law that holds the assets of the CalSTRS DB, Defined Benefit Supplement and Cash Balance Benefit programs. The assets come from contributions from employees, employers and the state of California. The fund's investments create a stream of income to add to those assets.

When selecting investments, the Teachers' Retirement Board applies standards of safety, diversification, liquidity and structure for a complete and profitable investment portfolio. The portfolio includes stocks, bonds, real estate and short-term investments. Within these categories, CalSTRS further diversifies by holding a variety of issues within each segment.

At the end of the 2000 fiscal year, the Teachers' Retirement Fund portfolio market value was \$112.6 billion. CalSTRS ranks as the nation's largest teacher retirement fund and third largest pension fund.

For further information about Teachers' Retirement Fund investments, call CalSTRS Teletalk at 800-228-5453 and select message #802. Or visit the CalSTRS Web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov).



#### INTRODUCTION







# I. CalSTRS Membership

## Membership in the CalSTRS Defined Benefit Program

Membership in the CalSTRS DB Program is generally available to persons employed in the California public school system, kindergarten through community college, in positions that require a credential, certificate or permit, or require the employee to meet minimum standards adopted by the Board of Governors of the California Community Colleges.

Only activities identified as “creditable service” are subject to CalSTRS DB Program coverage. These activities include teaching, vocational or guidance counseling, services related to school curriculum and a variety of administrative duties.

If you are a classroom teacher or are performing other activities that are creditable service, you may be a CalSTRS DB Program member as mandated by law, or you may be eligible to elect membership.

Employment performing creditable service in a charter school is subject to coverage only if the charter of the school provides for participation in the CalSTRS DB Program.

### Mandatory Membership

If you are employed to perform creditable service on a full-time basis, you will become a CalSTRS DB Program member on the first day of employment.

Full time is defined as the number of days or hours in a school year that the employer requires a “class of employees” to work. For example, under a collective bargaining or employment agreement, an employer might require guidance counselors in a high school to work a specific number of days each school year. Therefore, guidance counselors would constitute a class of employees. (See the Glossary, Section XI, for more information about what constitutes full time and “class of employees.”)



Many teachers and others who perform creditable service are not hired to work full time by an employer. For those who are hired to work less than half-time, CalSTRS offers an alternative retirement plan called the CalSTRS Cash Balance Benefit Program. However, the CB Benefit Program is optional for employers.

Mandatory CalSTRS DB Program membership requirements vary, depending upon an individual’s employment status and whether or not the CalSTRS CB Benefit Program is offered by employers to part-time employees in the district.

**Except for pages 17–18 and Section IX, the programs and benefits described in this book refer to the CalSTRS Defined Benefit Program only. For information on CalSTRS Cash Balance Benefit Program, see Section IX.**



SECTION I

MEMBERSHIP







SECTION I  
MEMBERSHIP

**Employers Who Do Not Offer CalSTRS Cash Balance Benefit Program**

In school districts, county offices of education or community college districts that do *not* offer the CalSTRS Cash Balance Benefit Program, the following mandatory DB Program membership requirements apply:

Employment Status	Mandatory Membership Begins
Hired on part-time ..... hourly basis	First day of pay period following the pay period in which creditable service in one school district, community college district or county superintendent's office is performed for 60 or more hours
Hired on part-time ..... daily basis	Same as above except for 10 or more days
Hired as a substitute .....	Same as above except for 100 or more complete days during the school year

**Employers Who Offer the CalSTRS Cash Balance Benefit Program**

In school districts, county offices of education or community college districts that do offer the CalSTRS Cash Balance Benefit Program, the following mandatory CalSTRS DB Program membership requirements apply:

Employment Status	Mandatory Membership Begins
K-12 or community college instructor hired on a contracted basis	First day of pay period in which the basis of employment (the employee's <b>contract</b> for employment) changed to 50 percent, or more, of the full-time equivalent for the position
Community College instructor hired on an hourly/adjunct basis	First day of pay period in which the employee works more than 50 percent of the full-time equivalent for the position

**Part-Time or Substitute Employees Electing DB Program Membership**

Anyone who performs creditable service in the California public school system is eligible to elect membership in the CalSTRS DB Program.

If you are hired as a substitute or on a part-time basis and your basis of employment does not qualify you for mandatory membership, you can still elect to become a member in the CalSTRS DB Program. Your employer must formally notify you of your right to elect membership in the program.

The election can only be made during a pay period in which you were employed to perform creditable service and must be made on the appropriate form provided by the employer. The effective date of membership is the first day of the pay period in which the election is made. If you elect membership, that decision is irrevocable and applies to all subsequent creditable service you perform. You must remain a member until you terminate all public school employment and elect to receive a refund of your contributions to the program.

**Changing Employment to a Different Public Retirement System**

Occasionally, teachers or others who perform CalSTRS creditable service change employment to positions that are subject to coverage by another California public retirement system. For example, a classroom teacher may take a position as a human resources specialist in the district office, a position usually subject to California Public Employees' Retirement System coverage. Or a human resources specialist may decide to take a teaching position, a position usually subject to CalSTRS coverage. When a CalSTRS or CalPERS member changes employment to a position in public schools or in certain education-related state government positions subject to coverage by the other system, he or she will have an opportunity to continue coverage or change to the other system.

The two systems are treated differently for Social Security coverage. CalSTRS members do not participate in Social Security, but CalPERS members do. Members of either system are urged to contact the Social Security Administration at 800-772-1213 to determine if the change will affect any Social Security benefit due the member.



## Election to Continue Coverage Under the CalSTRS DB Program

*Change in School Employment to a Position Subject to Coverage by the California Public Employees' Retirement System*

If you are a member of the CalSTRS DB Program and become employed by the same or a different school district, community college district, county superintendent of schools or limited state of California employment to perform service that requires membership in the California Public Employees' Retirement System, you may elect, within 60 days of the date of your new employment, to continue coverage under the CalSTRS DB Program. If you do so, service in your new position and any subsequent position for a school district, community college district, county superintendent of schools or selected state employment that would normally be subject to coverage by CalPERS would be treated as creditable service under the CalSTRS DB Program.

You should remember that the election:

- must be made within 60 days of the date of hire into the new position
- must be done on the appropriate form provided by the employer
- is effective as of the date of hire into the new position
- is irrevocable and applies to all subsequent service
- remains in effect until you terminate all CalSTRS creditable service and all service that would normally be covered by CalPERS **and** elect to receive a refund of your contributions to CalSTRS.

## Election to Continue Coverage under the California Public Employees' Retirement System

*CalPERS Member in a Classified Position Changes to a Position Subject to Coverage by CalSTRS*

A member of CalPERS who is employed by a school employer, the Board of Governors of California Community Colleges or the state Department of Education and who subsequently is employed to perform

CalSTRS creditable service can elect, within 60 days of his or her new hire date, to continue coverage under CalPERS for all subsequent CalSTRS creditable service.

The election:

- must be made within 60 days of the date of hire into the new position
- must be done on the appropriate form provided by the employer
- is effective as of the date of hire into the new position
- is irrevocable and applies to all subsequent service that would normally be covered by the CalSTRS DB Program
- remains in effect until you terminate all CalSTRS creditable service and all public school service that would normally be covered by CalSTRS **and** elect to receive a refund of your contributions to CalPERS.

## Information on Both Systems

Before making your decision, you can review the benefit information in this handbook, as well as the benefit information booklet provided by CalPERS. Both are available from your employer.

In addition, the CalSTRS booklet *Join CalSTRS? Join CalPERS?*, PAO 151, outlines and contrasts the basic benefits of the two systems. For a copy, ask your employer or order it from the CalSTRS Teletalk system's Forms Ordering option or view it online at [www.calstrs.ca.gov/publish/publish.html](http://www.calstrs.ca.gov/publish/publish.html).

## Member Contributions

As a member of the CalSTRS DB Program, you must contribute 8 percent of your "creditable compensation" as defined in the Teachers' Retirement Law.

Contributions are withheld from creditable compensation by payroll deduction and credited into your account under the CalSTRS DB Program. Your contributions accrue interest at a rate determined annually by the Teachers' Retirement Board.



SECTION I

MEMBERSHIP







## SECTION I

### MEMBERSHIP

#### **“Employer Pick-Up” of Member Contributions**

Most members’ employers participate in the “Employer Pick-Up” Program, under the provision of the Internal Revenue Code (Section 414[h](2)). The member’s contributions to CalSTRS are “picked-up” by the employer for the sole purpose of deferring income taxes on that portion of compensation. The contributions must be deducted from your compensation and are considered creditable compensation for retirement purposes.

These tax-deferred member contributions are credited to your account as “Employer-Paid Member Contributions.” Those contributions are taxable when returned to you or a beneficiary in a lump sum or monthly allowance. For more information on taxes, see Section VIII, Tax Information and Legal Issues.

#### **Credited Interest**

At the end of each fiscal year, interest is credited to the accumulated contributions and interest in each member’s account at the “credited interest rate.” The credited interest rate is adopted annually by the Teachers’ Retirement Board and is currently set at a rate that approximates the yield on two-year Treasury notes.

Interest is credited to members’ accounts primarily to provide a lump-sum benefit to those members who terminate all creditable service and withdraw their contributions or to the beneficiaries of members who die without survivors who are eligible for monthly benefits.

As a Defined Benefit Program member, you should understand that your retirement benefit will be calculated using a benefit formula established by law based on your age, years of service credit and final compensation. The amount of total contributions and interest in your Defined Benefit account is not used to calculate either your or your beneficiary’s future monthly allowance.

#### **Defined Benefit Supplement Program**

Starting January 1, 2001, CalSTRS will establish a supplemental account for each active Defined Benefit Program member. Funds will be provided to the account from two sources.

One source will be one-fourth of each member’s monthly CalSTRS contribution, or 2 percent of gross salary. This amount will automatically go into the member’s DBS account from January 1, 2001, through 2010. There will be no change in the 8 percent retirement contribution currently withheld from each member’s paycheck or in the member’s CalSTRS Defined Benefit retirement allowance.

In addition, starting no earlier than July 1, 2002, member and employer contributions will be allocated into the member’s DBS account on compensation earned from service in one school year that exceeds the one full-time equivalent for the position. This provision will not cease at the end of 2010, as does the redirection of the member contribution described above.

The funds in the new DBS accounts will earn interest at a rate set at the beginning of each plan year by the Teachers’ Retirement Board, based on the 30-year Treasury rate. At the end of each year, if actual earnings exceed the board-set interest rate, the board may declare an additional earnings credit.

#### **Access to Funds**

The amount available at retirement or termination of employment will vary, depending on the member’s salary or overtime compensation and the interest the account earns. Annually, each member will receive a separate DBS annual statement of account that lists the amounts of contributions and interest in the DBS account.

Funds in the DBS account can be withdrawn only when the member dies, is disabled, retires or one year after terminating CalSTRS-covered service. In addition, a member cannot borrow from his or her DBS account. The member’s DBS account beneficiary(ies)



will be the same that the member has for his or her Defined Benefit account.

Members can choose to receive the balance of the contributions and interest in their DBS accounts as:

- a lump-sum payment  
(only choice if terminating employment)
- a monthly payment if the balance is \$3,500 or more  
(five options available to distribute payment over your and beneficiary's(ies') lifetime, based on option chosen for DB allowance)
- a combination of lump-sum and monthly payment

Contributions into the DBS account will not affect a member's ability to make contributions into a 403(b) or similar tax-deferred savings plan.

## Employer Contributions

The employing school district, community college district or county superintendent of schools contributes an amount equal to 8.25 percent of the creditable compensation paid to every employee who is a member of the CalSTRS DB Program. Employer contributions are not credited to individual member DB accounts but are deposited in the Teachers' Retirement Fund to help fund the benefits payable to all members and their beneficiaries.

## State Contributions

The state of California contributes an amount equal to a certain percentage of prior calendar year member earnable compensation to pay the continuing cost of benefits to teachers. Beginning July 1, 2001, that percentage will be 1.975 percent. In addition, the state contributes an amount equal to 2.5 percent of the total creditable compensation paid to all CalSTRS DB Program members during the preceding calendar year for the Supplemental Benefit Maintenance Account. This is used to maintain the purchasing power of benefits at prescribed levels.

## Service Credit

Service credit is the accumulated period of time, in years and partial years, during which

you receive creditable compensation for service as a member of the CalSTRS DB Program. In addition to credit for actual service, you may receive service credit for creditable compensation received for certain employer-approved leaves of absence.

Service credit also may be purchased under certain circumstances. See page 16, Purchase of Additional Service Credit.

A member's service credit is one of the factors used to determine eligibility for benefits payable under the CalSTRS DB Program. For example, you must have a minimum of five years of service credit to be eligible for a service retirement allowance. (See *Member* in Section XI, Glossary.)

Service credit is used to calculate your service retirement allowance, as well as the surviving spouse allowance payable under both Coverage A and Coverage B (see Section VII, Survivor Benefits).

You are notified of your accumulated service credit each year when you receive your annual statement of account. (See below.)



## How Service Credit is Calculated

Service credit is calculated in the proportion that a member's earnings (creditable compensation) bears to the compensation that the member *would have earned* if he or she had been employed and worked full time in that position.\*

### Example

Janet was employed to work 50 percent of full time in a teaching position during the 1999–00 school year. The full-time compensation *earnable* for the position was \$42,000. Janet worked every day of her 50 percent teaching contract and received \$21,000 during the school year.

**Creditable Compensation divided by Compensation Earnable equals Service Credit**

creditable compensation .....	\$21,000
÷ compensation earnable .....	\$42,000
= service credit .....	0.500

**Janet would receive 0.5, or one-half year, of service credit**

\*Calculation method since July 1, 1972



## SECTION I

## MEMBERSHIP







## SECTION I

### MEMBERSHIP



You cannot receive more than one (1.000) year of service credit for any one school year.

Whether you are employed on a full-time or part-time basis, your compensation for service in excess of that required to receive 1.000 year of service credit in a school year (overtime) *is not* creditable compensation for retirement purposes.

In addition, summer school service is always considered to be overtime service.

Compensation for overtime service cannot be used for accumulation of service credit or the determination of your final compensation for the purpose of calculating a monthly allowance.

Because compensation for overtime service is not creditable compensation for retirement purposes, you are not required to make CalSTRS contributions on salary received for service in excess of that required to receive 1.000 year of service credit in a school year. However, if you are employed in multiple part-time or substitute positions for more than one CalSTRS employer during a school year, it is often impossible to determine which service and compensation are not subject to contributions until after all your service has been reported to CalSTRS for the school year. If an adjustment to your account is necessary, it will be made after all service has been reported for the school year.

Please note that effective no earlier than July 1, 2002, what is considered creditable compensation and service will be expanded. Details will be included in the 2002 *Member Handbook*.

### **Purchase of Additional Service Credit**

You may be eligible to purchase service credit for past employment or an approved leave of absence for which CalSTRS retirement contributions were not made. For example, you may be able to purchase service credit for part-time or substitute service in the California public school system before you became a CalSTRS DB Program member. For more information, see page 16, Purchase of Additional Service Credit.

### **Reduced Workload Program**

The CalSTRS Reduced Workload Program was established to allow eligible members of the CalSTRS DB Program to reduce their workload from full time to part time and still receive a full year of service credit, provided all requirements of the program have been fulfilled by the participating member and employer. See page 21, Reduced Workload Program, for participation requirements.

### **Annual Statement of Account**

Every year you receive a Defined Benefit annual statement of account, which is one of your most important CalSTRS records. It provides you with information about your retirement account. An annual statement of account is distributed in the fall to each member who was employed to perform creditable service and is not a retired member or a benefit recipient. For example, your statement received in fall 2000, is for the period July 1, 1999, through June 30, 2000.

The statement is mailed to your mailing address as reported to CalSTRS by your employer. If an employer has not provided CalSTRS with a current mailing address, your annual statement of account will be forwarded to the appropriate county or district superintendent's office for distribution.

An inactive member (one who has a balance remaining in his or her CalSTRS DB Program account but did not perform creditable service during the prior school year) will receive an annual statement of account if he or she has a current address on file at CalSTRS. An inactive member who has left his or her contributions on deposit and who has not received an annual statement of account, should call CalSTRS Teletalk at 800-228-5453 to request a statement. (Retired members and benefit recipients do not receive a statement of account.)

Examine your statement carefully each year for accuracy and file it with your important employment or financial records. The following information is included on your statement:



- beginning balances of your service credit and contributions and interest credited on member contributions at the beginning of the period (July 1 of the previous school year)
- ending balances of your service credit and contributions and interest earned on member contributions as of June 30 of the just completed school year

Information about the just completed school year, July 1 through June 30, includes:

- interest credited on your accumulated contributions
- service credit you earned
- contributions credited to your DB Program account

The service credit shown on your annual statement of account is based on the creditable compensation and annual compensation earnable reported by your employer(s) to CalSTRS. (See *Creditable Compensation*, Section XI, Glossary.) The member contributions are the contributions that were reported by your employer(s).

If you believe there is a discrepancy on your annual statement regarding contributions or service credit, contact your employer.

Data on service credit and contributions received by CalSTRS after June 30 will be included in your next annual statement of account. If you have purchased additional service credit or redeposited contributions that were previously refunded, the changes will first appear on the statement of account for the school year during which the final payment was made.

In addition to service credit, contributions, and interest, the annual statement of account provides other key information:

#### • **Coverage**

Do you have Coverage A or Coverage B for disability and survivor benefits?

If you became a member October 16, 1992, or later, you have Coverage B. If you became a member before October 16, 1992, you have either Coverage A or B, depending on the choice you made during the election period in 1992-93.



#### • **Beneficiary Designation Information**

If you have filed a beneficiary designation since 1986 for payment of the lump-sum death payment, the statement will identify the designated beneficiaries.

#### • **Benefit Estimate**

If you are age 50 or older and have earned at least one full year of service credit, the statement will include an estimate of your future service retirement allowance for retirement at age 55 and at age 60.

If you need to call CalSTRS, it will be helpful to have your annual statement of account available. Your Social Security number is your CalSTRS identification number.



### **Communication with Employers and Employee Organizations**

CalSTRS maintains several channels of communication with employer and employee organizations. The Employer Advisory Committee is composed of county and district employer representatives and CalSTRS staff. The Client Advisory Committee includes members of various organizations representing CalSTRS members and benefit recipients.

These committees meet regularly to provide a forum for active participation in the formation of CalSTRS policies and procedures in areas of information dissemination, benefit plan administration and service to members and beneficiaries.

Reaching consensus with the two committees on legislative proposals, as well as policy issues, is important to the Teachers' Retirement Board. Therefore, staff also schedules special meetings and works closely with both committees on plan design and other crucial member and employer issues.

Annually, CalSTRS staff conducts two Employer Institutes, one presented in southern California and another in northern California. CalSTRS processes, laws and policies are discussed with employer staff, giving an opportunity for CalSTRS and employers to exchange information.



SECTION I

MEMBERSHIP







## SECTION I

### MEMBERSHIP

CalSTRS staff also conducts field visits to individual counties and school districts. The purpose of the visit is to provide specific information to the employer regarding the CalSTRS' reporting process. In addition to the reporting procedures, staff discusses the use of the Remote Employer Access Program that allows the employer direct access to the CalSTRS database for verification and review of members' service and contribution records, thereby improving the accuracy and timeliness of the reporting process.

Periodically, *CalSTRS Employer Information Circulars* are sent to employers to post where members may read them.

CalSTRS distributes *Employer Directives* to employers as needed to explain new policies or procedures.

CalSTRS also provides information to the newsletter editors of CalSTRS member and retired member organizations.

### Member Newsletters

The *Bulletin* is published twice a year and mailed to all active and inactive Defined Benefit members and Cash Balance Benefit Program participants. The *Retired Educator* is published twice a year and mailed to all retired members and benefit recipients.





## II. Early Career Years

### Survivor or Disability Benefits

Termination of CalSTRS-covered employment for four months or more eliminates any eligibility for survivor or disability benefits. This time limit does not apply to eligibility for service retirement.

### Exceptions to the Four-Month Limit

The four-month limit does not apply if you die during an approved leave of absence of up to 12 months for a reason other than disability or military service. If medical reports show you became incapacitated within four months of your last day of service (and remained continuously incapacitated to the date of death) or if you were receiving a disability allowance under Coverage A, your beneficiary(ies) remains eligible for the lump-sum death payment and survivor benefits.

### Refund of Your Account

Your CalSTRS member contributions to the Defined Benefit Program, plus interest, are refundable upon termination from all employment to perform creditable service in any California public school. However, refund of your contributions terminates your CalSTRS membership and you will not be eligible for any benefits, including a lifetime monthly retirement benefit, from CalSTRS.

Your Defined Benefit Supplement account will be automatically refunded to you if after termination, you have not performed creditable service for one year and have received a refund of your Defined Benefit account.

### Refund Amount

All contributions made by a member, including tax-deferred member contributions under the “Employer Pick-Up” program, plus credited interest, will be refunded upon receipt of a completed refund application. Partial refunds are



**Y**ou will be **vested** with a right to a lifetime retirement allowance when you have accumulated five years of creditable service under the CalSTRS Defined Benefit Program. This allowance will be available to you as early as age 55\*. Active members also have important benefits including disability and survivor benefits. See Sections VI and VII.

### If You Terminate Your CalSTRS-Covered Employment

Active members contributing to CalSTRS are eligible for important benefit coverage, including disability and survivor benefits.

Termination of CalSTRS-covered employment and a subsequent refund of your accumulated contributions plus interest cancels any eligibility for monthly benefits from CalSTRS.



## SECTION II

### EARLY CAREER YEARS



\*Or age 50, with at least 30 years of service credit





not permitted. Employer and state contributions are not refundable.

### Is a Refund Right for Me?

Members with fewer than five years of service credit who do not plan to return to teaching and who are not eligible for retirement with any of the California public systems listed on page 22 may want to consider a refund. However, career teachers with substantial service credit, or those who are eligible for retirement with another California public system and are approaching age 55, are urged to learn more about issues that should be considered.

### Consequences of a Refund

- If you withdraw your contributions and interest before age 59 1/2, the distribution may be subject to income tax and a 10 percent federal excise tax. (See Section VIII, Tax Information and Legal Issues)
- If you return to membership after taking a refund and later redeposit contributions and interest:
  - your membership date changes to your return date
  - you will be covered under Coverage B for survivor and disability benefits
  - you must accumulate a year of service credit before you are eligible for CalSTRS benefits

### More Refund Information

You may learn more about refunds through CalSTRS Teletalk messages.

Call 800-228-5453 and select the Teletalk option, then select message #700 for refund information.



### If You Have Less than One Year of Service Credit

If you have less than one year of service credit, the only benefit payable to a surviving beneficiary if you die is a refund of your accumulated retirement contributions plus interest.





## III. Career Issues

the Benefits and Program section and go to Defined Benefit Program.



### Redeposits

If you return to teaching or other CalSTRS-covered employment or become eligible for retirement with another public system in California (See page 22 for a list of other California public systems), you may elect to redeposit past Defined Benefit Program refunds plus regular interest. Redepositing allows you to reinstate the service credit represented by the refunded contributions.

You may not redeposit refunded Defined Benefit Supplement contributions and interest.

If you are not retiring concurrently with another California public system, before you are eligible for benefits from CalSTRS you must have earned at least one year of service credit after you received the most recent refund of accumulated retirement contributions.

If you elect to redeposit, you must also repay an amount equal to the investment income that would have been earned by the redeposited contributions had they remained in the DB Program. CalSTRS calculates the investment income component by applying the regular interest rate (an interest rate that represents specified CalSTRS investment earnings each year) from the time of the refund to the time of the repayment. The longer the elapsed time between refund and redeposit, the higher the redeposit amount will be.

Beginning July 1, 2001, a member may choose to redeposit a portion, rather than all, of a refund, along with applicable interest.

Redepositing does not re-establish your earlier membership date or benefits that may have been available to you before you refunded.

**A** As you move through your education career in California, you may wish to take advantage of some of the optional programs and services CalSTRS offers.

If you wish to know more about CalSTRS programs and benefits, you can visit the CalSTRS Web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) or make an appointment with a CalSTRS regional counselor.

### Financial Education Program

The Financial Education Program workshops are designed especially for CalSTRS members. The educational workshops prepare members 10 or more years from retirement to make informed financial decisions with confidence.

Workshop speakers present information on CalSTRS pension benefits, on Social Security provisions that apply to CalSTRS members and on how to develop personal financial plans to meet individual goals.



To obtain information about the Financial Education Program or to sign up for a workshop, call the special Financial Education Program toll-free number at 888-394-2060. Workshop registration is also available online at [www.calstrs.ca.gov](http://www.calstrs.ca.gov). Select



CalSTRS

SECTION III

CAREER ISSUES







### SECTION III

#### CAREER ISSUES

In some community property settlements, a member's contributions and interest are divided to create a separate account for the former spouse. If the former spouse takes a refund of his or her account, the member can then choose to redeposit all or a portion of the amount awarded to the former spouse.

#### Amount to Redeposit

The amount you need to redeposit and the benefits from reinstatement of service credit will vary, depending upon your individual situation.

For example, a teacher who withdrew \$10,000 (representing three years of service) in May 1993 and wanted to reinstate those years of credit in May 2000, would be required to redeposit \$16,171.

Amount withdrawn .....	\$10,000
Regular interest .....	\$6,171
Total .....	\$16,171

If you are considering a redeposit, call CalSTRS Teletalk and request the *Purchase Additional Service Credit* brochure.

#### Purchase of Additional Service Credit

You may elect to purchase service credit for retirement purposes for specific service performed in the past, if it has not been previously credited. This type of service includes, but is not limited to:

- creditable service prior to becoming a member
- sabbatical leave
- certain active military leave
- University of California or State University service
- maternity/paternity leave or family care and medical leave
- School for the Blind or Deaf
- out-of-state public school teaching (up to 10 years)

Service credit cannot be purchased if you have received, or are eligible to receive, credit for the service in another public retirement system. If you are planning to purchase additional service credit just before

retirement, you must complete payment before the effective date of your retirement.

The cost of additional service credit is calculated by multiplying your highest earnable salary in any one of the most recent three school years of service by the contribution rate for additional service credit and the number of years of service credit to be purchased. The contribution rate for additional service credit is adopted by the Teachers' Retirement Board and is based on the most recent actuarial valuation of the CalSTRS DB Program.

Beginning July 1, 2001, members may purchase a portion, rather than all, of any additional service they have earned. In addition, beginning January 1, 2001, members may purchase a portion, rather than all, of what is termed "excluded" or "nonmember" service, which includes, but is not limited to substitute service, part-time service and adult education service.

#### Nonqualified Service Credit

Members with at least five years of credited CalSTRS service may purchase up to five\* years of service credit for nonqualified service, also known as "air time." Nonqualified service is service that is not connected to any specific prior employment. Nonqualified service credit cannot be used to qualify for the career factor, longevity bonus or the 25-year threshold for one-year final compensation.

The purchase of nonqualified service credit is calculated differently from the credit purchase of other service. To estimate the cost of nonqualified service, use the online CalSTRS Nonqualified Service Credit Purchase Estimator. The estimator can be accessed at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) in Quick Link on the CalSTRS home page.

*\*Members cannot use more than a total of five years of nonqualified service credit, unused sick leave credit or Golden Handshake Program service credit. At retirement, if the total of these credits are more than five years, the cost of the excess service credit will be refunded to you.*



The cost to purchase nonqualified service credit will increase the closer the member is to retirement and the higher the earnable salary.



Members should evaluate the benefits of purchasing additional service credit by comparing its cost with the increase it would provide in their lifetime retirement income.

For more information about additional service credit purchase or to request a billing statement, call CalSTRS Teletalk at 800-228-5453. Select message #250 for purchasing credit for service done in California, message #254 for out-of-state service credit purchase and message #255 for nonqualified service credit purchase. Or use Teletalk to order the *Purchase Additional Credit* brochure.

## Borrowing Against Your CalSTRS Account Balance

State law does not permit you to borrow against your accumulated contributions and interest on account with CalSTRS.

## CalSTRS Voluntary Investment Program

The CalSTRS Voluntary Investment Program (formerly known as the CalSTRS 403(b) Program) is a tax-deferred supplemental savings program that complements the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. Persons eligible for CalSTRS VIP include active and retired DB Program members, CB Benefit Program participants and classified school employees in districts participating in the program. You can call your payroll department to learn if the CalSTRS VIP is available in your district.

The CalSTRS Voluntary Investment Program is designed as a low-cost, simple-to-use investment program, sponsored and overseen by the Teachers' Retirement Board. It features a comprehensive array of services, competitively priced, with expanded investment options selected by CalSTRS. The program administrator,

CitiStreet, formerly State Street Bank and Trust Company, has demonstrated outstanding industry leadership as one of the largest full-service plan administrators for employee retirement savings plans in the nation.

## Investment Options

CalSTRS VIP participants select from a menu of high-quality investment options. Each fund offers a distinct profile of risk and return characteristics to provide you with choice and control. Additional options may be added at a later date. Investment options currently offered are:

- **Provident Institutional Fund's TempCash Prime Money Market Mutual Fund**

A prime money market portfolio investing in high-quality government and corporate securities and focusing on safety of principal, liquidity and competitive rates of return.

- **S&P 500 Index Fund**

A diversified mutual fund designed by the California Investment Trust Fund Group to provide investment results corresponding to the total return of common stocks publicly traded in the United States, as represented by the Standard & Poors 500 Stock Index.

- **EAFE Equity Index Fund**

A diversified mutual fund that seeks to replicate the total return of the Morgan Stanley Capital International Europe Australia Far East Index, which contains approximately 1,100 equity securities of companies located outside the United States.

- **Self-Managed Account**

Participants are able to expand their investment choices by directing their CalSTRS VIP assets into additional mutual funds of their choice. Participants can invest in nearly 3,000 mutual funds.

## Customer Service

CitiStreet provides customer support at 800-699-4032 seven days a week with 24-hour-a-day automated access by touch-tone telephone for information and a full range of transactions. Daily accounting provides current information to help you make informed decisions, with customer service representatives available to answer your questions, Monday through Friday, 9:00 a.m. to 5:00 p.m.



SECTION III

CAREER ISSUES







## SECTION III

### CAREER ISSUES



#### **CalSTRS VIP Fees**

The Teachers' Retirement Board directed the program provide for low-cost fees. Fees for VIP are about one-half the amount typically charged by other 403(b) providers. Call toll-free 800-699-4032 or visit the CalSTRS Web site's Benefits and Programs section for fee information.

CalSTRS members can participate in CalSTRS VIP in two ways:

- payroll deductions from CalSTRS-covered employment
- transfer or roll over from an existing balance in another 403(b)/TSA

CalSTRS members who are no longer employed in CalSTRS-covered employment can still roll over an existing balance from another plan into CalSTRS VIP, but they cannot contribute additional funds until they resume CalSTRS-covered employment.

CalSTRS retired members are also eligible to participate in the program by transferring funds from their current 403(b)/TSA balance to CalSTRS VIP.

#### **CalSTRS Home Loan Program**

The CalSTRS Home Loan Program is open to active, inactive and retired CalSTRS members and Cash Balance Benefit Program participants. They can apply for conventional, fixed-rate, first mortgage loans for the purchase or refinance of their one-to four-family owner-occupied properties in California. The program provides loans to members while serving as a prudent investment of CalSTRS retirement funds.

The Home Loan Program features include:

- a large number of lenders statewide
- two free loan rate float downs if interest rates fall
- controlled origination fees charged by the lenders
- no points/no fees options
- "Zero Down Preferred" option

For more information on the Home Loan Program, check the Benefits and Programs link on the CalSTRS Web page at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) or call the Public Service Office at the number listed on the inside cover.

#### **Long-Term Care Coverage**

The California Public Employees' Retirement System offers a long-term care program to members of other public retirement systems, including CalSTRS. Those eligible to participate include CalSTRS active and retired members and Cash Balance Benefit Program participants, as well as their spouses, parents and parents-in-law. This program provides personal care that some may need as a result of suffering an accident, a chronic illness or a disabling disease like Alzheimer's. The LTC program provides high-quality care and comprehensive coverage at a reasonable cost.

Call CalPERS Long-Term Care direct at 800-338-2244 for information and an enrollment kit. Long-Term Care information can also be obtained from the CalPERS LTC Internet home page. The World Wide Web address is [www.calpers.ca.gov](http://www.calpers.ca.gov).

#### **Regional Counseling Services**

CalSTRS-trained regional counselors are available in many county offices of education throughout the state. Regional counselors hold workshops and conduct individual benefit counseling at a variety of locations. See Section X, General Information, for information on the Counseling Center near you.

There are certain times during your career when CalSTRS recommends a personal interview or use of the online retirement calculator:

- **at least once before age 55, or earlier if you have 30 years of service credit**
- **prior to making a decision to submit a disability application**
- **prior to making a decision on the pre-retirement election of an option**
- **prior to filing a retirement application**





## IV. What to Consider Before Retirement

### Personal Interview

Before you file a retirement application, schedule a retirement interview with a CalSTRS-trained regional counselor. During this interview the retirement counselor will outline the alternatives available to you and provide you with an estimate of your retirement allowance.

The counselor can also provide information about when you will receive your retirement allowance and answer other questions you may have.

The demand for personal interviews has increased over the years. Members may experience a delay in meeting with a counselor during peak times. Members should not delay filing their retirement application while waiting for an interview.

Members may refer to the CalSTRS Web site to estimate a retirement allowance and to obtain further information regarding CalSTRS benefits.

### ***When should I schedule a pre-retirement interview?***

Pre-retirement interviews should be scheduled at least six to 12 months in advance of your planned retirement date.

### ***What information should I bring to the interview?***

- the anticipated date of your retirement
- an estimate of your unused sick leave
- the number of days you are required to work during the year
- an estimate of your last three years of earnable compensation
- most recent statement of account

You are encouraged to bring your intended or named option beneficiary(ies) to this interview. If your option beneficiary(ies) is

**A** As you near retirement age, it is a good time to review your current financial status and plan for your final career years and approaching retirement. If you are about age 50, or if you are within a few years of your projected retirement date, you may want to consider the following:

### **Retirement Counseling**

***How can I obtain information and retirement counseling?***

#### **Workshops**

CalSTRS invites local school districts to host benefit workshops conducted by a regional counselor. You may wish to attend a workshop early in your career and three to five years before your retirement.

A schedule of workshops is prepared and distributed in the fall. Schedules should be available at your school site, district office or county office of education.



SECTION IV

BEFORE  
RETIREMENT







## SECTION IV

### BEFORE RETIREMENT



unable to attend the interview, please be prepared to supply the person(s) date of birth(s). All information shared with the retirement counselor during this interview is confidential and used only for preparing your personal retirement estimate.

### More Information About Regional Counseling Locations and Schedules

See Section X, General Information, Regional Counseling Centers or the CalSTRS Web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) for the location of the nearest regional counselor.



### What About Social Security?

Members expecting to receive a full Social Security benefit and a CalSTRS retirement allowance need to know about two Social Security provisions that may reduce the Social Security benefit. A member's CalSTRS retirement allowance *will not* be reduced because of these provisions in Social Security law.

These provisions may affect members even if they have earned the minimum 40 Social Security credits through other employment or expect to receive a Social Security benefit based on a spouse's earnings.

Social Security benefits are based on the worker's average monthly earnings over a 35-year period, adjusted for inflation. When Social Security determines your benefits, it separates your average earnings into three amounts and multiplies the amounts using three different factors. For example, for a worker who turns 62 in the year 2001, the first \$561 of average monthly earnings is multiplied by 90 percent, the next \$2,820 is multiplied by 32 percent and the remainder by 15 percent.

Under the Windfall Elimination Provision, Social Security uses an alternative calculation for members who qualify for both a Social Security benefit based on their own covered employment (i.e., private industry) and a CalSTRS retirement allowance. For those who reach 62 or become disabled in 1990 or later,

*the 90 percent factor is reduced to 40 percent.* The exact amount of the reduction is based on the member's earnings history and changes every calendar year. In 2001, the maximum WEP reduction is \$280.50 per month.

CalSTRS members who meet the 40-credit requirement should apply for Social Security, even though the benefit may be reduced. A person is exempt from the Windfall Elimination Provision if they were eligible to retire from CalSTRS prior to January 1, 1986, or if they have had 30 or more years of what Social Security calls "substantial earnings" under employment covered by Social Security. In 2001, substantial earnings will be \$14,925 or more, annually. If you have 21 to 29 years of substantial earnings, the 90 percent factor is reduced to somewhere between 45 and 85 percent.

Social Security provides a "guarantee" to protect workers with relatively low pensions. The amount of the reduction cannot be more than one-half of that part of the pension based on earnings after 1956 not covered by Social Security.

The Government Pension Offset provision affects members expecting to receive a CalSTRS retirement allowance and a Social Security benefit as a spouse, former spouse or widow(er). Under this provision, the Social Security benefit is reduced by two-thirds of the CalSTRS retirement allowance. If two-thirds of the CalSTRS allowance exceeds the amount of the member's spousal benefit from Social Security, the member will not receive a benefit from Social Security. Members are exempt from the GPO if they were eligible to retire from CalSTRS prior to December 1982 and met the Social Security spousal benefit requirements in effect in January 1977.

You may receive an overstated benefit estimate from Social Security because non-Social Security pensions such as CalSTRS are not taken into account in the estimate. You need to contact Social Security for a more accurate estimate of benefits.



## For More Information

Due to the complexity of the formulas used in determining Social Security benefits and the many provisions and exceptions in Social Security law, CalSTRS members are urged to speak directly with Social Security representatives. The member can then determine if any of these provisions or exceptions apply to their individual circumstances.

Contact the Social Security Administration directly at 800-772-1213. Or visit their Web site at [www.ssa.gov](http://www.ssa.gov) to review or download publications on the Windfall Elimination Provision and the Government Pension Offset. The publication on the Windfall Elimination Provision (Publication 05-10045) is available at [www.ssa.gov/pubs/10045.html](http://www.ssa.gov/pubs/10045.html), while the publication on the Government Pension Offset (Publication 05-10007) is available at [www.ssa.gov/pubs/10007.html](http://www.ssa.gov/pubs/10007.html).

Further information is available in a brief video on the two provisions at the CalSTRS Web site, [www.calstrs.ca.gov](http://www.calstrs.ca.gov).

## What About Medicare?

While California educators do not pay into Social Security, many do pay for Medicare (1.45 percent of gross earnings). Members are eligible for Medicare if they have met the 40-credit requirement on their own or their spouse's employment.

For Defined Benefit members who retired before January 1, 2001, CalSTRS will pay Medicare Part A (hospitalization) premiums for retired members not eligible for premium-free Part A, starting July 1, 2001. This benefit may be extended at the discretion of the Teachers' Retirement Board to members who retire in the future. See page 40 for more details about health insurance after retirement.

## Golden Handshake

The Golden Handshake Program became available March 15, 1994, and is in effect for eligible CalSTRS members who retire during a period established in a formal action taken

by the member's employer before January 1, 1999. You may receive two additional years of service credit upon retirement under this program.

To qualify for the program, you must meet the eligibility requirements for service retirement and file a service retirement application with CalSTRS no later than the last day of the month in which you wish your retirement to be effective. See Section V, Service Retirement. Your retirement effective date must be within the Golden Handshake window period established by your employer.

Employer approval is required before this additional service credit can be included in your benefit calculation and the employer must pay all costs associated with the additional service credit.

## Reduced Workload Program

The CalSTRS Reduced Workload Program allows eligible members to reduce their workload from full-time to part-time duties (a minimum of 50 percent of full time) for up to ten years, normally the last ten years before retirement. The opportunity to participate is dependent on your employer offering the program.

You will receive full-time service credit, while working less than full time. At the time of retirement, your allowance will be calculated as though you continued to work full time, including determination of final compensation.

You must be age 55 or older, have been employed full time for a minimum of 10 years performing creditable service and have been employed full-time performing creditable service five consecutive years immediately prior to entering the program.

Both member and employer contributions are paid on the full-time earnable salary, rather than the actual part-time salary earned while participating in the program. Therefore, the employer will be required to pay a higher contribution rate for a member to participate.



### SECTION IV

### BEFORE RETIREMENT







SECTION IV

BEFORE  
RETIREMENT

The consequences of failing to work at least 50 percent as required by the program can be significant. This occurs if the member does not earn creditable compensation for at least 50 percent of full time in any one school year. Service credit for the year will be calculated on actual time worked.

For example, a member who was employed 50 percent of full time had her pay docked because she became ill and ran out of sick leave. Consequently she failed to perform creditable service for at least 50 percent of full time that year. Therefore, for that year she would not be eligible to participate in the Reduced Work Program. She would earn service credit for only the time worked.

Retiring before the end of the school year can also impact program participants in the Reduced Workload Program. After discussing the Reduced Workload Program with your employer and reviewing personal qualifications, you must enter into a contractual agreement with your employer to participate.

Concurrent Retirement

CalSTRS DB Program members at least age 55 who are also eligible to retire from certain other California public retirement systems in California may retire with less than five years of CalSTRS credited service if the member retires from both systems at the same time. Additionally, CalSTRS may use the salaries for service performed under the other retirement system to calculate the CalSTRS retirement allowance. The other public retirement systems in California are the Legislator's Retirement System, Public Employees' Retirement System, San Francisco City and County Employees' Retirement System, University of California Retirement System or those systems established under the County Employees' Retirement Law of 1937 (refer to Section XI, Glossary of Terms, for a list of the counties covered by the act).

Pre-Retirement Election  
of an Option

Electing an Option Before  
Retirement

If you are eligible to retire, you may make a pre-retirement election of an option for your DB allowance. This election is available if you do not yet wish to retire but want to ensure a monthly lifetime income to another person, or persons, if you die before retirement. (See Section V, Service Retirement, for a discussion of options.)

The monthly allowance paid to your beneficiary(ies) is based on the modified benefit that would have been paid if you had retired as of the date of death. At retirement, your allowance will be modified under the elected option.

When you retire, modification of your allowance will be made using the higher of the option factors in effect as of the date you elected the option or in effect on your retirement date.

The example illustrates two members, one who chooses an option before retirement and another who waits until retirement to choose an option.

Example	
<b>Member Chooses Pre-Retirement Election of an Option</b>	
<ul style="list-style-type: none"><li>• Member retires at age 60</li><li>• Option 2 beneficiary is also age 60</li><li>• Both member and option beneficiary were age 55 when pre-retirement option was chosen</li></ul>	
Unmodified Allowance .....	\$1,963.89
x Percentage Payable .....	x .906 (Option Table 2)
<b>= Member's Modified Allowance .....</b>	
<b>\$1,779.28</b>	
<b>Member Chooses an Option at Retirement</b>	
<ul style="list-style-type: none"><li>• Member retires at age 60</li><li>• Option 2 beneficiary is also age 60</li></ul>	
Unmodified Allowance .....	\$1,963.89
x Percentage Payable .....	x .879 (Option Table 2)
<b>= Member's Modified Allowance .....</b>	
<b>\$1,726.26</b>	



The member in the first example has provided a lifetime monthly allowance to a beneficiary—even if the member should die before retirement. Although the allowance will be reduced at retirement, the modified allowance will be slightly higher than it would have been if the member had waited until retirement to choose an option, since the pre-retirement election of an option allows use of the younger member and beneficiary ages.

The advantages and disadvantages of choosing a pre-retirement election of an option must be assessed on an individual basis.

### Advantages

If you should die prior to retirement, your option beneficiary(ies) will receive a lifetime monthly allowance. The allowance begins immediately upon your death, regardless of the age of the beneficiary(ies).

In most cases, the modified allowance will be greater if a pre-retirement election of an option is made than if an option is elected at the time of retirement.

If you become disabled after making a pre-retirement election of an option and you have Disability Allowance, Coverage A, you may retain the option election in order to provide a monthly allowance to your option beneficiary.

### Disadvantages

If you cancel or change your pre-retirement election of an option before retiring, your retirement allowance will be reduced for life.

If your option beneficiary dies before you retire and you had elected an option, the election will be automatically canceled and your retirement allowance will be permanently reduced.

### Spousal Signature

If you are married, the form for pre-retirement election of an option must be signed by your spouse or the justification for non-signature of spouse form must be

completed and returned with the pre-retirement election. If your spouse does not sign or the justification for non-signature is not received by CalSTRS, the pre-retirement election is not acceptable and will not be effective until the requirements are met.

The election will be effective on the date signed only if it is received by CalSTRS within 30 days from the date you sign it. If the option beneficiary dies *before* you retire, the option is automatically canceled. Your retirement allowance will be permanently reduced to pay for the coverage provided by the pre-retirement option.

### Cancellation of an Existing Pre-Retirement Election of an Option

You may cancel an existing pre-retirement election of an option at any time before retirement. A pre-retirement election of an option is canceled automatically when a member elects a new option, elects a new option beneficiary(ies) or if the option beneficiary predeceases the member.

If the pre-retirement election of an option is canceled, an assessment is calculated at retirement. The assessment will reduce your monthly retirement allowance for life.

The factors in effect on the cancellation date of the pre-retirement election of an option will be used to calculate the assessment. The assessment factor is based on the following:

- the option selected
- the amount of time the pre-retirement election was in effect
- the age of the member at the time of election and cancellation
- whether the member has Coverage A or Coverage B
- whether the option beneficiary is the member's spouse

If you are considering canceling your pre-retirement election of an option, electing a different option or naming a different option beneficiary(ies), CalSTRS recommends you meet with a CalSTRS regional counselor to



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### BEFORE RETIREMENT

discuss the possible effects of that change on your retirement allowance. (See page 19 for more information.)

A spouse *must* sign the cancellation of a pre-retirement election of an option or a justification for non-signature must be completed and returned with the request for cancellation. If the spouse's signature is not provided or the justification for non-signature of spouse is not received by CalSTRS, the cancellation is not acceptable and will not be effective until the requirements are met.

For more information regarding pre-retirement election of an option, call CalSTRS Teletalk at 800-228-5453 and select message # 200, Regional Counseling Services or message #300, Pre-Retirement Election of an Option.

#### **Birthday Verification**

Under some circumstances, CalSTRS will request verification of the birth date of a member and/or an option beneficiary(ies). Acceptable documentation for birth date verification is listed in order of preference:

- certified birth record (recorded at least seven years prior to application for CalSTRS benefits)
- certified church baptismal record (recorded within six years of birth)
- transcript of listing in federal census (recorded within ten years of birth)

If the name has been changed from the name shown on the record of birth, a certified copy of the marriage certificate or court order documenting the change is required.

If you do not have any of these records, please contact CalSTRS for assistance.





## V. Service Retirement

The “Standard Early Retirement, Alternative A” is available to you beginning at age 55, provided you have at least five years of credited service.

An additional requirement for retirement is:

- at least one year of credited service must have been performed after the most recent refund

**OR**

- retirement must be concurrent with retirement under the California Public Employees’ Retirement System, University of California Retirement System, San Francisco City and County Employees’ Retirement System, Legislators’ Retirement System or a system covered by the County Employees’ Retirement Law of 1937.

### Early Retirement Alternatives

#### A. Standard Early Retirement (Alternative A)

If you have at least five years of credited service and are at least age 55 but under age 60, you may retire early with a reduced allowance. The monthly allowance is calculated in the same manner as normal retirement. However, the 2 percent age factor used at age 60 is reduced for each full or partial month between your age at retirement and your 60<sup>th</sup> birthday.

#### B. 30 and Out (Alternative B)

If you are at least age 50 but under age 55, with at least 30 years of credited service, you can apply for retirement under this alternative. The monthly allowance is calculated in the same manner as normal retirement. However, the 2 percent age factor used at age 60 is reduced for each full or partial month between your age at retirement and your 60<sup>th</sup> birthday. While the age factor is reduced, the career factor of 0.2 percent for 30 years or more of service credit is added to the age factor.

**A** As you consider the decision to retire, there are several questions you will need to address. Should you retire at age 60, age 63 or earlier? Should you consider filing for disability retirement? How will you provide a continuing allowance for a survivor?

If you have not already done so, before you file an application for service retirement, you may wish to make an appointment with a CalSTRS regional counselor in your area to discuss retirement planning and receive an estimate of your retirement benefit. (If you are considering filing for disability retirement, please refer to Section VI, Disability Benefits Programs.)

### When Can I Retire?

You may retire before age 60, however, the “normal retirement” age factor of 2 percent will be reduced for each month you are younger than age 60.

The earliest age at which you can retire for service under the CalSTRS DB Program with a monthly benefit is age 50 under the *30 and Out* alternative explained at right.



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C. **Early Retirement Limited Term Reduction Program (Alternative C):**

If you are at least age 55, but under age 60, and have at least five years of credited service, you can apply for retirement under this alternative. You will receive one-half the monthly allowance amount calculated as if you were age 60. The reduced allowance will continue for the same number of months after age 60 that you received benefits before age 60. After that, the normal service retirement allowance will be paid.

*Note: Although cost-of-living adjustments will accrue for Alternative C, increases are not payable under this alternative until the normal service retirement allowance is paid. (See page 28 for more information about COLA.)*

**How to Calculate Your Defined Benefit Retirement Allowance**

Allowance Formula	
Service Credit	
x Age Factor	
x Final Compensation	
<hr/>	
= Retirement Allowance (unmodified)	

The formula for calculating an unmodified Defined Benefit retirement allowance includes three elements:

**1. Service Credit:** Your years (full and partial) of credited service. You must have worked full time during the year to receive one full year of service credit. Refer to your CalSTRS annual statement of account for your service credit.

**Sick Leave Credit**

Additional service credit for unused sick leave will be granted at retirement. The service credit granted for unused sick leave is determined by dividing the number of accumulated unused sick leave days (as certified by your last employer) by the number of base service days (excluding school and legal holidays) required to complete the last school year, if employed full time.

If employed on a part-time basis, the base service days for the full-time equivalent is used.

Sick leave service credit cannot be used to meet eligibility requirements for service retirement or used to qualify for the career factor and longevity bonus given for 30 or more years of service credit or the 25-year threshold for one-year final compensation.

The formula for determining unused sick leave is:

$$\text{Accumulated Days of Unused Sick Leave} \div \text{Number of Base Days for Full-Time Service} = \text{Service Credit Amount Granted}$$

**2. Age Factor:** The age factor is the percent of pay to which you are entitled for each year of service credit. This percentage is determined by your age on the last day of the month in which your retirement is effective. At age 63 or older, you are entitled to a 2.4 percent age factor. (See the table on page 30 for age factors.)

**Career Factor**

A 0.2 percentage point career factor will be added to your age factor if you retire with at least 30 years of earned service credit up to a maximum age factor of 2.4 percent. Service credit from unused sick leave, the Golden Handshake program or the purchase of nonqualified service credit cannot be used to qualify for the career factor.

**3. Final Compensation:** The highest average annual earnable compensation by a member during any period of three consecutive\* years of paid employment covered by CalSTRS.

*\*Nonconsecutive final compensation is available for those members who received a salary reduction due to a reduction in school funds. Upon certification from the employer, CalSTRS will use any three nonconsecutive school years to determine final compensation.*



The annual earnable compensation for a school year is based on the gross monthly pay rates that could have been earned for creditable service performed on a full-time basis. Overtime compensation is not included. Your gross monthly pay rate earnable per pay period is multiplied by the number of months in which you received compensation. If you plan to retire before the end of the school year, the annual earnable compensation for that year is prorated to your retirement date.

CalSTRS will use your last three consecutive years of creditable earnings (or the last 12 consecutive months, if applicable) in determining your final compensation, unless you specify another time frame on your retirement application.

Final compensation for members who work part time at more than one pay rate is equal to the sum of the member's earnings divided by the sum of his or her service credit earned during the final compensation period.

### **One-Year Final Compensation**

One-year final compensation is available under specific circumstances. Members who retire on or after January 1, 2001, with 25 or more years of CalSTRS credited service, will automatically have their highest one-year compensation used as the final compensation component in their retirement calculation. Unused sick leave, nonqualified service credit and Golden Handshake credit cannot be used to qualify for this benefit.

In addition, the use of one-year final compensation is available for eligible classroom teachers provided it has been included in a written collective bargaining agreement and all costs are paid by the employer, the employee or a combination of the two.

### **Longevity Bonus**

A longevity bonus will be permanently added to the monthly unmodified retirement allowance of those members who retire on or after January 1, 2001 and accumulate at least 30 years of credited service by January 1, 2011. An inactive member at the time of retirement can still qualify for the longevity bonus.

Nonqualified service credit ("air time"), unused sick leave credit or Golden Handshake credit cannot be used to qualify for the longevity bonus.

A member who earns at least 30 years of service credit in the window period and then earns 31 or more years of service credit *after* 2011, will qualify for the longevity bonus for that higher amount of service credit.

The longevity bonus amount will depend on the years of service credit at retirement.

If earned	Will receive monthly
30 years	\$200
31 years	\$300
32 or more years	\$400

The longevity bonus will be:

- added on top of the .2 percent career factor
- subject to the annual CalSTRS 2 percent simple cost-of-living adjustment
- modified as is the retirement allowance if a member selects an option
- reduced if a member cancelled a pre-retirement election of an option

### **Example — Career Factor, Longevity Bonus & One-Year Final Compensation**

#### **Retirement Allowance Calculation**

John retires at age 60 with 30 years of credited service. His highest annual earnable compensation was \$48,000 for an average monthly final compensation of \$4,000 ( $\$48,000 \div 12 = \$4,000$ )

$$\begin{aligned} &30 \text{ (service credit)} \\ &\times 2.2\% \text{ (2\% age factor +} \\ &\quad .2 \text{ career factor)} \\ &\times \$4,000 \text{ (final compensation)} \end{aligned}$$

$$\begin{aligned} 30 \times 2.2\% &= 66\% \times \$4,000 = \$2,640 \\ \$2,640 + \$200 \text{ (longevity bonus)} &= \end{aligned}$$

**John's Unmodified Monthly Allowance = \$2,840**

### **Unmodified Allowance**

The unmodified allowance is usually the highest monthly allowance available to retired CalSTRS members. It does not provide for a monthly income to a survivor after the member's death.



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## **SERVICE RETIREMENT**







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The unmodified benefit will provide you with a monthly allowance for your lifetime. Benefits will stop upon your death. Your beneficiary(ies) is guaranteed a return of any contributions and interest credited to your account at the time of retirement, minus the total amount already paid to you.

If you wish to provide a monthly income to a beneficiary(ies) after your death, you must elect an option. (See Electing an Option, page 31, for additional information.)

### Lump-Sum Allowance

If you retire between 2002 and 2010 and are at least 60 years old, you can take a specified portion of the benefit as a lump sum and receive an actuarially reduced monthly allowance. Details will be included with a future revision of the service retirement application.

### Cost-of-Living Adjustment

Each year, you will receive an increase equal to 2 percent of your initial allowance, beginning on September 1 after the first anniversary of your retirement. The adjustment will be reflected on your October 1 payment. COLAs are not compounded.

### Purchasing Power Protection

Purchasing power is a measurement of how your retirement allowance keeps pace with inflation. For example, if your benefit stays the same, but prices have doubled, your purchasing power is only 50 percent of what it was.

In addition to the annual COLA, two types of post-retirement benefit enhancements support the purchasing power of retired CalSTRS members:

- ad hoc, or one-time, permanent, increases occasionally granted by the Legislature to supplement the 2 percent adjustment.

- one-year supplemental benefit payments, payable in quarterly installments, with amounts dependent on the money available for that year from School Lands funds and statutorily fixed General Fund appropriations. These payments are made to retired members and beneficiaries whose allowances have fallen below a certain level of purchasing power. That level is currently set at 75 percent level of purchasing power.



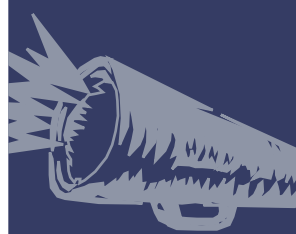
# Allowance Estimate Worksheet

CalSTRS recommends you see a retirement counselor before making any decisions about your retirement.



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## Example

Mary is retiring at age 60 with 24.250 years of service.

### Step #1

Determine Service Credit and Age Factor

Service Credit = 24.250  
(years of service)

Age Factor = 2%  
based on Mary's age at retirement  
(see Age Factor Table, page 30)

### Step #2

Determine Final Compensation

Mary's highest three consecutive school years of earnable compensation

2000-2001	\$48,000
1999-2000	\$47,000
1998-1999	\$45,000

Total Earnable Compensation = \$140,000  
÷ 36 months

Monthly Final Compensation = \$3,888.89

### Step #3

Calculate Allowance

Service Credit	24.250
x Age Factor	x .02
x Final Compensation	x \$3,888.89

Mary's unmodified monthly allowance = \$1,886.11

## Your Estimate

You plan to retire at age \_\_\_\_\_

### Step #1

Service Credit = \_\_\_\_\_  
(years of service)

Age Factor = \_\_\_\_\_  
(see Age Factor Table, page 30)  
(if applicable, include career factor, see page 26)

### Step #2

Enter your highest three consecutive school years of earnable compensation (if applicable, use one-year final compensation, see page 27)

\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_

Total Earnable Compensation = \$ \_\_\_\_\_

÷ 36 months  
(or ÷ 12 months, if eligible for one-year final compensation)

Monthly Final Compensation = \$ \_\_\_\_\_

### Step #3

Service Credit	_____
x Age Factor	x _____
x Final Compensation	x _____

+ Longevity Bonus + \_\_\_\_\_  
(if applicable, see page 26)

Your unmodified monthly allowance = \$ \_\_\_\_\_





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Age Factor Table

The age factor is a percentage determined by your age in years and months on the last day of the month in which your retirement is effective. The age factor is increased by a career factor of 0.2 percent if you have 30 or more years of service credit on the day you retire.

The age factor equals 2 percent at age 60.

From age 55 to 60, the factor is reduced by 0.01 (one one-hundredth) of a percent for each month or fraction of a month in which the member is under age 60.

For example, if you are age 55 and six months when you retire, your age factor is 1.46 percent.

For Early Retirement Alternative B (“30 and Out”), the factor is further reduced by 0.005 (one-half of one one-hundredth) percent for each month or partial month under age 55. The resulting factor is increased by the 0.2 percent career factor.

Between age 60 and 63, the 2 percent age factor is increased by 0.033 for each quarter year of age that the member is over age 60, up to a maximum age factor of 2.4 percent. If the member qualifies for the 0.2 percent career factor by having at least 30 years of service credit, the maximum age factor of 2.4 percent is reached at age 61 and six months.

Age Factor Table <i>(expressed as percentages)</i>												
	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
63	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
62	2.267	2.267	2.267	2.300	2.300	2.300	2.333	2.333	2.333	2.367	2.367	2.367
61	2.133	2.133	2.133	2.167	2.167	2.167	2.200	2.200	2.200	2.233	2.233	2.233
60	2.00	2.00	2.00	2.033	2.033	2.033	2.067	2.067	2.067	2.100	2.100	2.100
59	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96	1.97	1.98	1.99
58	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84	1.85	1.86	1.87
57	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75
56	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60	1.61	1.62	1.63
55	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51
54	1.34	1.345	1.35	1.355	1.36	1.365	1.37	1.375	1.38	1.385	1.39	1.395
53	1.28	1.285	1.29	1.295	1.30	1.305	1.31	1.315	1.32	1.325	1.33	1.335
52	1.22	1.225	1.23	1.235	1.24	1.245	1.25	1.255	1.26	1.265	1.27	1.275
51	1.16	1.165	1.17	1.175	1.18	1.185	1.19	1.195	1.20	1.205	1.21	1.215
50	1.10	1.105	1.11	1.115	1.12	1.125	1.13	1.135	1.14	1.145	1.15	1.155
Years	Note: You must have 30 years of service credit to retire between the ages of 50 and 55.											

Career Factor

If you have 30 or more years of credited service, add 0.2 percent to the age factor on the above chart. The maximum age factor with the career factor is 2.4.

Example:	Age	Without career factor	With career factor
	61 - 3 mos.	2.167%	2.367%
	61 - 9 mos.	2.23%	2.400%*

\*Maximum age factor



## Electing an Option Under the DB Program

### *How can I provide continuing benefits to a survivor if I die after I retire?*

An option is a plan feature that allows you to redistribute your retirement allowance over both your life and the life of another person or persons. To do this, you would elect one of the following options. Once you retire, your option election is irrevocable, except under limited circumstances. (See page 32)

#### Option 2\*

Option 2 provides you with a modified lifetime monthly allowance. When you die, your option beneficiary continues to receive the same monthly allowance you were receiving.

*\*Option 1 has been discontinued*

#### Option 3

Option 3 provides you with a larger monthly allowance than under Option 2.

However, when you die, your option beneficiary's allowance will be one-half the amount you were receiving.

#### Option 4

Option 4 provides a modified monthly allowance while both you and your option beneficiary are living. In the event of the death of either you or your option beneficiary, the survivor will receive two-thirds the modified allowance.

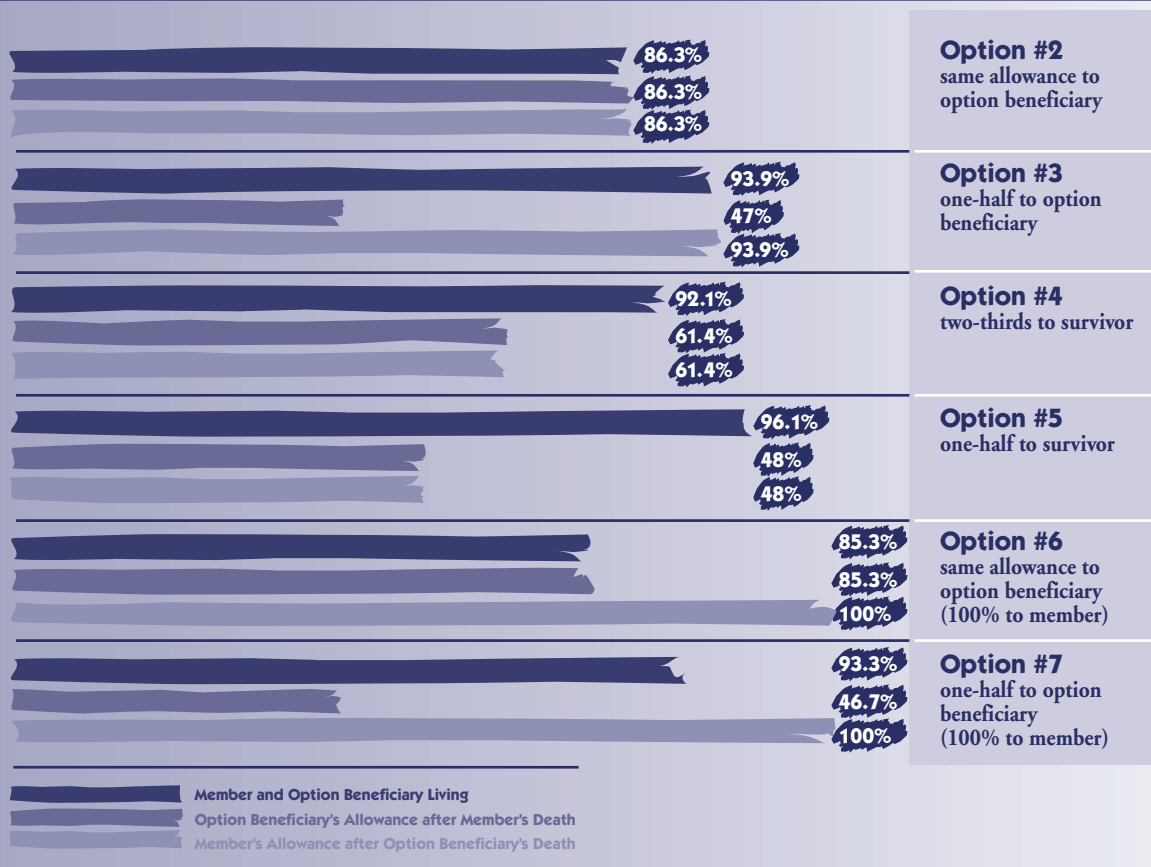
#### Option 5

Option 5 provides a modified monthly allowance while both you and your option beneficiary are living. Upon your death or the death of the option beneficiary, the survivor will receive one-half the modified allowance.

*The graph shows examples of the reduction in the unmodified service retirement allowance that occur under Options 2 through 7. The actual percentages for the options depend on the age of both the member and the beneficiary as of the effective date of the elected option.*

## Examples of Options 2 through 7

The percentages shown are for a member, age 60, who designates an option beneficiary, age 57. The unmodified allowance equals 100 percent. The percentages for other age combinations may be obtained from CalSTRS.



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### SERVICE RETIREMENT



#### Option 6

Option 6 provides you with a modified monthly retirement allowance. Upon your death, your option beneficiary will continue to receive the same modified allowance that you received. If the option beneficiary dies before you, your allowance will rise to the unmodified level.

#### Option 7

Option 7 provides you with a modified monthly retirement allowance, with the reduction less than that under Option 6. Upon your death, your option beneficiary will receive one-half the modified allowance. If the option beneficiary dies before you, your allowance will rise to the unmodified level.

#### Option 8

The Option 8 modified monthly retirement allowance depends on the ages and options selected for two or more option beneficiaries. You must name more than one option beneficiary and select from among Options 2 through 7 for each beneficiary. You may retain a portion of your allowance as unmodified and/or select a different allowance percentage for each beneficiary. Upon your death, your option beneficiaries will each receive an allowance as provided by the formula used to calculate benefits under each option selected. If an option beneficiary predeceases you, your allowance will change as stated under the selected option.

#### ***How is the modification under an option calculated?***

The formula for calculating an allowance modified by the election of an option is:

$$\frac{\text{Unmodified Allowance} \times \text{Option Factor}}{\text{Modified Allowance Amount}}$$

Your age and the age of your option beneficiary(ies) on the effective date of retirement (or time of election of a pre-retirement option), plus the option you elect, determine the option factor that will be used in calculating your modified allowance.

A sample range of option percentages is shown on the tables starting on page 36.

An option provides you with a modified retirement allowance based on a percentage of your unmodified allowance. If you choose an option *at the time you retire*, the percentage is based on your age and the age of your option beneficiary(ies) as of your effective date of retirement.

If you decide to choose an option *before* retirement, the option factor when you retire will be the higher of the option factor in effect when the option was chosen before retirement or on the date of retirement. (See page 22 for more details about pre-retirement election of an option.)

The option you elect will determine the allowance your option beneficiary(ies) receives following your death or the allowance you receive following your option beneficiary's death.

#### ***May I add, change or cancel my option selection?***

Once you retire, your option election can be changed only under the following three circumstances:

**1. Death**—If your original option beneficiary dies after the effective date of your retirement and you had elected Option 2, 3, 4 or 5 or one of these options for an option beneficiary(ies) under Option 8, you may elect an option again. However, you cannot return to the unmodified benefit unless you elected Option 6 or 7. You may elect a new option beneficiary by completing the required form and submitting a certified copy of the death certificate to CalSTRS. A further reduction to your allowance will be made.

**2. Divorce**—You may cancel your option election if the option beneficiary is your spouse or former spouse and on or after January 1, 1978:

- a final decree of dissolution of marriage has been entered, or
- a judgement of nullity has been entered, or



- an order of separate maintenance has been made

After you notify CalSTRS, you may elect to receive the unmodified retirement allowance from the date of receipt of notification or to elect a new option. You may also designate a new option beneficiary. Your choice must be consistent with your court order and must not result in any additional liability to the Teachers' Retirement Fund.

*Note: If you cancel your option election as a result of a divorce and elect to receive your unmodified allowance, the amount that your unmodified allowance was previously reduced will not be reimbursed to you.*

**3. Spouse**—If you had previously designated a person other than your spouse or former spouse as your option beneficiary, you may cancel your option election and elect an option designating your spouse as your option beneficiary. Your allowance will be subject to an actuarial modification based on your age and the ages of your prior beneficiary and your spouse.

**4. Newly Married**—If you were unmarried at retirement and receiving an unmodified allowance, you can choose an option and name your new spouse as an option beneficiary if you later marry. You must have been married at least one year when the option is selected and the option beneficiary is named. The unmodified allowance you were receiving will be actuarially reduced to reflect the potential life spans of the member and option beneficiary. The option selection and beneficiary addition will be effective six months after the designation is made.

## Allowance Adjustment

When you choose a new option and/or new option beneficiary(ies), an adjustment to your allowance will be made. Before changing your option or choosing a new option beneficiary(ies), you are encouraged to meet with a CalSTRS regional counselor to obtain an estimate of your allowance based on the new choice.

## Option Worksheets

The following examples\* are based on a member who chooses an option at the time of retirement. Both the member and the option beneficiary are age 60 on the effective date of retirement.

### Option 2

Under Option 2, you will receive a modified retirement allowance. Upon your death, your option beneficiary will receive the same modified allowance for the remainder of his or her lifetime.

#### Unmodified Allowance

Example	Your Estimate
\$1,886.11	\$ _____
<b>x Option Factor<sup>▲</sup></b>	
x .8791	x _____
<b>= Option 2 Allowance to Member or Option Beneficiary</b>	
\$1,658.08	\$ _____

### Option 3

Under Option 3, you will receive a modified retirement allowance. Upon your death, your option beneficiary will receive one-half the modified allowance you were receiving for the remainder of his or her lifetime.

#### Unmodified Allowance

Example	Your Estimate
\$1,886.11	\$ _____
<b>x Option Factor<sup>▲</sup></b>	
x .9476	x _____
<b>= Option 3 Allowance to Member</b>	
\$1,787.28	\$ _____
<b>1/2 to Option Beneficiary</b>	
\$893.64	\$ _____

*\*These examples are based on factors retrieved from the following tables and applied to the unmodified allowance calculated on page 29. Minor differences may occur when actual calculations are performed as the age of the member and option beneficiary are based on the nearest quarter year of age.*

**▲To find the option factor, locate the member's age, option beneficiary's age and option number on the chart on pages 36 and 37.**



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### SERVICE RETIREMENT



#### Option 4

Under Option 4, you will receive a modified retirement allowance. Upon the death of either you or your option beneficiary, two-thirds the monthly amount you were receiving will be payable to the survivor for his or her lifetime.

##### Unmodified Allowance

Example	Your Estimate
\$1,886.11	\$ _____

##### x Option Factor\*

x .9410	x _____
---------	---------

##### = Option 4 Allowance to Member

\$1,774.83	\$ _____
------------	----------

##### 2/3 to Survivor

\$1,183.22	\$ _____
------------	----------

#### Option 5

Under Option 5, you will receive a modified retirement allowance. Upon the death of either you or your option beneficiary, one-half the monthly amount you were receiving will be payable to the survivor for his or her lifetime.

##### Unmodified Allowance

Example	Your Estimate
\$1,886.11	\$ _____

##### x Option Factor\*

x .9831	x _____
---------	---------

##### = Option 5 Allowance to Member

\$1,854.23	\$ _____
------------	----------

##### 1/2 to Survivor

\$ 927.12	\$ _____
-----------	----------

#### Option 6

Under Option 6, you will receive a modified retirement allowance. Upon your death, your option beneficiary will continue to receive the same modified allowance for his or her lifetime. If the option beneficiary predeceases you, your allowance will rise to the unmodified amount.

##### Unmodified Allowance

Example	Your Estimate
\$1,886.11	\$ _____

(payable to member upon death of Option Beneficiary)

##### x Option Factor\*

x .8665	x _____
---------	---------

##### = Option 6 Allowance to Member or Option Beneficiary

\$1,634.31	\$ _____
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#### Option 7

Under Option 7, you will receive a modified retirement allowance. Upon your death, your option beneficiary will receive one-half the modified allowance you were receiving for his or her lifetime. If the option beneficiary predeceases you, your allowance will rise to the unmodified amount.

##### Unmodified Allowance

Example	Your Estimate
\$1,886.11	\$ _____

(payable to member upon death of Option Beneficiary)

##### x Option Factor\*

x .9408	x _____
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##### = Option 7 Allowance to Member

\$1,774.45	\$ _____
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##### 1/2 to Option Beneficiary

\$ 887.23	\$ _____
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*\*To find the option factor, locate the member's age, option beneficiary's age and option number on the chart on pages 36 and 37.*



## Option 8

Under Option 8, you will receive a modified retirement allowance. Upon your death, your option beneficiaries will each receive an allowance as provided by the calculation formula used under each option selected. You must select at least two beneficiaries under Option 8.

### Example – Option 8

	Member	Beneficiary 1	Beneficiary 2
1. Member's unmodified allowance	\$1,886.11		
2. Percentages of unmodified allowance allotted as unmodified to member (if any) and to each beneficiary	40%	40%	20%
3. Amount of unmodified allowance allotted to member and each beneficiary (Multiply #1 by #2 and enter)	\$754.44	\$754.44	\$377.22
4. Option number selected for each beneficiary		#6	#2
5. Option beneficiary's age		60	30
6. Option factor (Using Option Tables, locate factor based on member age, beneficiary age and option.)		.8665	.7674
7. Allowance to each option beneficiary upon member's death (Multiply #3 by #6 then enter)		\$653.72	\$289.48
8. Member's modified allowance (Add #7 to column 1 of #3)	\$754.44 + \$653.72 + 289.48 = \$ 1,697.64		

(Use additional worksheets if selecting more than two option beneficiaries.)

Your Estimate	Member	Beneficiary 1	Beneficiary 2
1. Member's unmodified allowance	\$ _____		
2. Percentages of unmodified allowance allotted as unmodified to member (if any) and to each beneficiary*	% _____	% _____	% _____
3. Amount of unmodified allowance allotted to member and each beneficiary (Multiply #1 by #2 and enter)	\$ _____	\$ _____	\$ _____
4. Option number selected for each beneficiary		# _____	# _____
5. Option beneficiary's age		_____	_____
6. Option factor (Using Option Tables, locate factor based on member age, beneficiary age and option.)		_____	_____
7. Allowance to each option beneficiary upon member's death (Multiply #3 by #6 then enter)		\$ _____	\$ _____
8. Member's modified allowance (Add #7 from all option beneficiary worksheets to column 1 of #3)	+ _____		

\* Percentages assigned to all option beneficiaries and the percentage, if any, retained as unmodified must equal 100 percent.



## SECTION V

### SERVICE RETIREMENT





## Option Factor Tables

### SECTION V

### SERVICE RETIREMENT

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
55	5	0.8063	0.9015	0.8592	0.8925	0.8061	0.9014
55	10	0.8089	0.9032	0.8612	0.8943	0.8086	0.9030
55	15	0.8123	0.9055	0.8640	0.8969	0.8118	0.9051
55	20	0.8168	0.9084	0.8674	0.9000	0.8160	0.9079
55	25	0.8227	0.9121	0.8719	0.9040	0.8217	0.9115
55	30	0.8304	0.9170	0.8781	0.9095	0.8292	0.9162
55	35	0.8405	0.9231	0.8863	0.9170	0.8388	0.9220
55	40	0.8532	0.9307	0.8973	0.9273	0.8507	0.9291
55	45	0.8686	0.9394	0.9116	0.9414	0.8649	0.9372
55	50	0.8865	0.9492	0.9302	0.9606	0.8812	0.9461
55	55	0.9061	0.9593	0.9539	0.9868	0.8986	0.9553
55	60	0.9260	0.9690	0.9836	1.0222	0.9160	0.9640
55	65	0.9446	0.9776	1.0193	1.0683	0.9324	0.9719
55	70	0.9606	0.9847	1.0607	1.1259	0.9469	0.9787

56	5	0.7950	0.8951	0.8506	0.8856	0.7948	0.8950
56	10	0.7976	0.8968	0.8526	0.8875	0.7973	0.8966
56	15	0.8010	0.8991	0.8553	0.8900	0.8004	0.8987
56	20	0.8054	0.9020	0.8588	0.8932	0.8047	0.9015
56	25	0.8113	0.9058	0.8633	0.8971	0.8104	0.9052
56	30	0.8191	0.9108	0.8694	0.9026	0.8179	0.9100
56	35	0.8292	0.9171	0.8777	0.9101	0.8275	0.9159
56	40	0.8421	0.9248	0.8888	0.9204	0.8396	0.9232
56	45	0.8579	0.9340	0.9032	0.9344	0.8541	0.9317
56	50	0.8764	0.9442	0.9220	0.9536	0.8709	0.9411
56	55	0.8970	0.9550	0.9460	0.9798	0.8892	0.9508
56	60	0.9182	0.9655	0.9762	1.0153	0.9077	0.9602
56	65	0.9384	0.9750	1.0125	1.0614	0.9254	0.9688
56	70	0.9560	0.9828	1.0546	1.1190	0.9412	0.9763

57	5	0.7831	0.8883	0.8415	0.8783	0.7830	0.8882
57	10	0.7857	0.8901	0.8435	0.8802	0.7854	0.8898
57	15	0.7891	0.8924	0.8463	0.8827	0.7885	0.8920
57	20	0.7935	0.8953	0.8497	0.8859	0.7928	0.8948
57	25	0.7994	0.8991	0.8542	0.8898	0.7984	0.8985
57	30	0.8071	0.9042	0.8604	0.8953	0.8059	0.9033
57	35	0.8173	0.9106	0.8686	0.9028	0.8156	0.9094
57	40	0.8304	0.9186	0.8797	0.9131	0.8278	0.9169
57	45	0.8465	0.9281	0.8943	0.9271	0.8427	0.9257
57	50	0.8656	0.9388	0.9132	0.9463	0.8600	0.9355
57	55	0.8871	0.9503	0.9376	0.9725	0.8790	0.9459
57	60	0.9097	0.9617	0.9682	1.0079	0.8987	0.9560
57	65	0.9314	0.9720	1.0052	1.0540	0.9176	0.9654
57	70	0.9507	0.9806	1.0480	1.1117	0.9348	0.9735

58	5	0.7707	0.8811	0.8320	0.8707	0.7705	0.8810
58	10	0.7732	0.8829	0.8340	0.8725	0.7729	0.8826
58	15	0.7766	0.8852	0.8367	0.8750	0.7760	0.8848
58	20	0.7810	0.8882	0.8402	0.8782	0.7802	0.8876
58	25	0.7868	0.8920	0.8447	0.8821	0.7858	0.8914
58	30	0.7945	0.8971	0.8508	0.8875	0.7933	0.8963
58	35	0.8048	0.9037	0.8591	0.8950	0.8030	0.9025
58	40	0.8179	0.9119	0.8702	0.9053	0.8153	0.9102
58	45	0.8343	0.9217	0.8848	0.9193	0.8304	0.9193
58	50	0.8540	0.9330	0.9039	0.9385	0.8482	0.9296
58	55	0.8765	0.9452	0.9286	0.9647	0.8681	0.9405
58	60	0.9004	0.9574	0.9597	1.0001	0.8888	0.9514
58	65	0.9238	0.9687	0.9973	1.0463	0.9090	0.9615
58	70	0.9448	0.9782	1.0409	1.1040	0.9276	0.9705

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
59	5	0.7576	0.8735	0.8220	0.8625	0.7574	0.8734
59	10	0.7601	0.8753	0.8240	0.8644	0.7597	0.8750
59	15	0.7634	0.8776	0.8267	0.8669	0.7629	0.8772
59	20	0.7678	0.8806	0.8302	0.8700	0.7670	0.8800
59	25	0.7735	0.8845	0.8346	0.8739	0.7726	0.8838
59	30	0.7813	0.8897	0.8407	0.8794	0.7800	0.8888
59	35	0.7915	0.8963	0.8490	0.8869	0.7897	0.8952
59	40	0.8047	0.9048	0.8601	0.8971	0.8021	0.9031
59	45	0.8214	0.9149	0.8748	0.9111	0.8175	0.9125
59	50	0.8416	0.9267	0.8941	0.9302	0.8357	0.9232
59	55	0.8649	0.9396	0.9191	0.9564	0.8563	0.9347
59	60	0.8902	0.9527	0.9506	0.9918	0.8781	0.9463
59	65	0.9153	0.9650	0.9889	1.0380	0.8996	0.9573
59	70	0.9382	0.9755	1.0333	1.0958	0.9197	0.9671

60	5	0.7439	0.8655	0.8115	0.8540	0.7437	0.8654
60	10	0.7463	0.8672	0.8135	0.8558	0.7460	0.8670
60	15	0.7497	0.8696	0.8162	0.8583	0.7491	0.8692
60	20	0.7540	0.8726	0.8196	0.8615	0.7532	0.8720
60	25	0.7597	0.8766	0.8241	0.8654	0.7587	0.8759
60	30	0.7674	0.8818	0.8302	0.8708	0.7661	0.8809
60	35	0.7776	0.8886	0.8384	0.8782	0.7758	0.8874
60	40	0.7909	0.8972	0.8496	0.8885	0.7883	0.8954
60	45	0.8077	0.9077	0.8643	0.9024	0.8038	0.9051
60	50	0.8284	0.9200	0.8837	0.9216	0.8224	0.9163
60	55	0.8525	0.9336	0.9089	0.9477	0.8436	0.9284
60	60	0.8791	0.9476	0.9410	0.9831	0.8665	0.9408
60	65	0.9059	0.9609	0.9799	1.0293	0.8894	0.9527
60	70	0.9308	0.9725	1.0251	1.0872	0.9110	0.9634

61	5	0.7296	0.8570	0.8006	0.8450	0.7295	0.8569
61	10	0.7321	0.8588	0.8025	0.8468	0.7318	0.8586
61	15	0.7354	0.8612	0.8052	0.8493	0.7348	0.8607
61	20	0.7396	0.8642	0.8086	0.8524	0.7389	0.8636
61	25	0.7453	0.8682	0.8130	0.8563	0.7443	0.8675
61	30	0.7529	0.8734	0.8191	0.8617	0.7516	0.8725
61	35	0.7631	0.8803	0.8274	0.8692	0.7613	0.8791
61	40	0.7764	0.8891	0.8385	0.8794	0.7738	0.8874
61	45	0.7934	0.9000	0.8533	0.8933	0.7894	0.8974
61	50	0.8145	0.9128	0.8728	0.9124	0.8084	0.9090
61	55	0.8394	0.9271	0.8983	0.9385	0.8302	0.9217
61	60	0.8672	0.9421	0.9307	0.9739	0.8541	0.9349
61	65	0.8957	0.9564	0.9703	1.0201	0.8783	0.9477
61	70	0.9227	0.9691	1.0163	1.0780	0.9015	0.9593

62	5	0.7148	0.8481	0.7891	0.8355	0.7147	0.8480
62	10	0.7173	0.8499	0.7911	0.8374	0.7170	0.8497
62	15	0.7205	0.8523	0.7938	0.8399	0.7200	0.8519
62	20	0.7248	0.8554	0.7972	0.8430	0.7240	0.8548
62	25	0.7303	0.8594	0.8015	0.8469	0.7293	0.8586
62	30	0.7379	0.8647	0.8076	0.8523	0.7366	0.8638
62	35	0.7480	0.8717	0.8158	0.8597	0.7462	0.8704
62	40	0.7613	0.8807	0.8269	0.8699	0.7587	0.8789
62	45	0.7784	0.8918	0.8417	0.8838	0.7744	0.8891
62	50	0.7998	0.9051	0.8613	0.9028	0.7936	0.9011
62	55	0.8254	0.9201	0.8870	0.9289	0.8161	0.9145
62	60	0.8544	0.9360	0.9199	0.9642	0.8409	0.9285
62	65	0.8847	0.9515	0.9600	1.0104	0.8665	0.9422
62	70	0.9137	0.9654	1.0070	1.0684	0.8913	0.9548

MBR=member's age

BEN=beneficiary's age



## Option Factor Tables

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
63	5	0.6995	0.8388	0.7772	0.8257	0.6994	0.8387
63	10	0.7019	0.8406	0.7792	0.8275	0.7016	0.8404
63	15	0.7052	0.8430	0.7818	0.8300	0.7046	0.8426
63	20	0.7093	0.8461	0.7852	0.8331	0.7085	0.8455
63	25	0.7148	0.8501	0.7896	0.8369	0.7138	0.8494
63	30	0.7223	0.8555	0.7956	0.8423	0.7210	0.8545
63	35	0.7323	0.8625	0.8038	0.8497	0.7305	0.8613
63	40	0.7456	0.8717	0.8148	0.8599	0.7430	0.8699
63	45	0.7627	0.8831	0.8296	0.8737	0.7588	0.8804
63	50	0.7844	0.8969	0.8493	0.8928	0.7782	0.8928
63	55	0.8106	0.9126	0.8752	0.9188	0.8012	0.9068
63	60	0.8407	0.9295	0.9084	0.9541	0.8268	0.9216
63	65	0.8727	0.9462	0.9492	1.0002	0.8537	0.9363
63	70	0.9039	0.9613	0.9970	1.0583	0.8802	0.9499

64	5	0.6837	0.8290	0.7648	0.8153	0.6836	0.8289
64	10	0.6861	0.8309	0.7668	0.8171	0.6858	0.8306
64	15	0.6893	0.8333	0.7694	0.8196	0.6887	0.8328
64	20	0.6933	0.8364	0.7728	0.8227	0.6925	0.8357
64	25	0.6987	0.8404	0.7771	0.8265	0.6978	0.8396
64	30	0.7061	0.8458	0.7831	0.8319	0.7049	0.8449
64	35	0.7160	0.8529	0.7912	0.8393	0.7143	0.8517
64	40	0.7292	0.8622	0.8023	0.8494	0.7267	0.8604
64	45	0.7464	0.8739	0.8170	0.8632	0.7425	0.8712
64	50	0.7682	0.8881	0.8368	0.8822	0.7621	0.8840
64	55	0.7950	0.9046	0.8627	0.9082	0.7855	0.8986
64	60	0.8262	0.9224	0.8963	0.9434	0.8119	0.9142
64	65	0.8598	0.9403	0.9377	0.9895	0.8401	0.9298
64	70	0.8932	0.9568	0.9864	1.0476	0.8682	0.9446

65	5	0.6674	0.8188	0.7520	0.8045	0.6673	0.8187
65	10	0.6697	0.8206	0.7539	0.8063	0.6694	0.8204
65	15	0.6729	0.8231	0.7566	0.8088	0.6723	0.8226
65	20	0.6769	0.8262	0.7599	0.8118	0.6761	0.8255
65	25	0.6822	0.8302	0.7641	0.8157	0.6812	0.8295
65	30	0.6894	0.8357	0.7701	0.8210	0.6882	0.8347
65	35	0.6992	0.8429	0.7782	0.8284	0.6975	0.8416
65	40	0.7123	0.8523	0.7892	0.8385	0.7098	0.8505
65	45	0.7295	0.8643	0.8039	0.8522	0.7256	0.8615
65	50	0.7514	0.8789	0.8236	0.8711	0.7453	0.8747
65	55	0.7786	0.8960	0.8497	0.8970	0.7690	0.8899
65	60	0.8107	0.9148	0.8836	0.9322	0.7962	0.9063
65	65	0.8460	0.9340	0.9255	0.9783	0.8256	0.9229
65	70	0.8816	0.9518	0.9751	1.0364	0.8553	0.9389

66	5	0.6507	0.8082	0.7387	0.7932	0.6505	0.8081
66	10	0.6530	0.8100	0.7406	0.7950	0.6527	0.8098
66	15	0.6560	0.8125	0.7432	0.7975	0.6555	0.8120
66	20	0.6600	0.8155	0.7465	0.8005	0.6592	0.8149
66	25	0.6652	0.8196	0.7507	0.8044	0.6642	0.8188
66	30	0.6723	0.8251	0.7566	0.8097	0.6711	0.8241
66	35	0.6819	0.8324	0.7647	0.8170	0.6803	0.8311
66	40	0.6949	0.8419	0.7756	0.8271	0.6924	0.8401
66	45	0.7120	0.8541	0.7903	0.8408	0.7082	0.8513
66	50	0.7340	0.8692	0.8100	0.8596	0.7279	0.8649
66	55	0.7616	0.8869	0.8362	0.8854	0.7520	0.8806
66	60	0.7945	0.9067	0.8703	0.9205	0.7798	0.8978
66	65	0.8312	0.9271	0.9127	0.9666	0.8103	0.9155
66	70	0.8690	0.9464	0.9631	1.0247	0.8416	0.9327

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
67	5	0.6336	0.7971	0.7250	0.7815	0.6335	0.7970
67	10	0.6359	0.7989	0.7269	0.7833	0.6356	0.7987
67	15	0.6389	0.8014	0.7295	0.7858	0.6383	0.8009
67	20	0.6427	0.8045	0.7327	0.7888	0.6420	0.8038
67	25	0.6478	0.8085	0.7369	0.7926	0.6469	0.8078
67	30	0.6548	0.8140	0.7427	0.7979	0.6536	0.8131
67	35	0.6643	0.8214	0.7507	0.8052	0.6627	0.8201
67	40	0.6771	0.8311	0.7616	0.8152	0.6747	0.8292
67	45	0.6940	0.8435	0.7762	0.8288	0.6903	0.8407
67	50	0.7161	0.8589	0.7959	0.8476	0.7101	0.8546
67	55	0.7439	0.8773	0.8221	0.8733	0.7343	0.8709
67	60	0.7775	0.8980	0.8564	0.9084	0.7627	0.8888
67	65	0.8156	0.9197	0.8993	0.9543	0.7942	0.9076
67	70	0.8555	0.9405	0.9505	1.0124	0.8272	0.9260

68	5	0.6163	0.7855	0.7109	0.7693	0.6162	0.7854
68	10	0.6185	0.7874	0.7127	0.7711	0.6183	0.7872
68	15	0.6215	0.7899	0.7153	0.7736	0.6209	0.7894
68	20	0.6253	0.7930	0.7185	0.7766	0.6245	0.7923
68	25	0.6302	0.7970	0.7227	0.7804	0.6293	0.7963
68	30	0.6371	0.8025	0.7284	0.7856	0.6359	0.8016
68	35	0.6464	0.8099	0.7363	0.7929	0.6448	0.8086
68	40	0.6590	0.8197	0.7471	0.8028	0.6566	0.8179
68	45	0.6758	0.8323	0.7616	0.8164	0.6721	0.8295
68	50	0.6977	0.8481	0.7812	0.8351	0.6919	0.8438
68	55	0.7257	0.8671	0.8075	0.8608	0.7162	0.8606
68	60	0.7599	0.8887	0.8419	0.8957	0.7451	0.8793
68	65	0.7993	0.9117	0.8853	0.9416	0.7776	0.8991
68	70	0.8412	0.9341	0.9372	0.9996	0.8121	0.9189

69	5	0.5988	0.7735	0.6963	0.7567	0.5987	0.7734
69	10	0.6009	0.7754	0.6982	0.7585	0.6007	0.7752
69	15	0.6039	0.7779	0.7007	0.7609	0.6033	0.7774
69	20	0.6075	0.7810	0.7039	0.7639	0.6068	0.7803
69	25	0.6124	0.7850	0.7080	0.7677	0.6115	0.7843
69	30	0.6191	0.7905	0.7137	0.7729	0.6179	0.7896
69	35	0.6282	0.7980	0.7215	0.7801	0.6267	0.7967
69	40	0.6406	0.8078	0.7322	0.7900	0.6383	0.8060
69	45	0.6572	0.8206	0.7466	0.8036	0.6536	0.8178
69	50	0.6790	0.8368	0.7661	0.8222	0.6733	0.8324
69	55	0.7070	0.8563	0.7923	0.8477	0.6977	0.8497
69	60	0.7418	0.8789	0.8269	0.8825	0.7270	0.8692
69	65	0.7822	0.9031	0.8706	0.9283	0.7603	0.8901
69	70	0.8261	0.9271	0.9233	0.9863	0.7963	0.9112

70	5	0.5811	0.7610	0.6814	0.7436	0.5810	0.7609
70	10	0.5832	0.7628	0.6832	0.7454	0.5829	0.7626
70	15	0.5860	0.7653	0.6857	0.7478	0.5855	0.7649
70	20	0.5896	0.7684	0.6888	0.7508	0.5889	0.7678
70	25	0.5944	0.7725	0.6929	0.7545	0.5935	0.7717
70	30	0.6009	0.7780	0.6985	0.7597	0.5998	0.7771
70	35	0.6098	0.7855	0.7062	0.7669	0.6083	0.7842
70	40	0.6220	0.7954	0.7168	0.7767	0.6197	0.7936
70	45	0.6383	0.8084	0.7311	0.7902	0.6349	0.8056
70	50	0.6599	0.8248	0.7505	0.8087	0.6544	0.8205
70	55	0.6879	0.8449	0.7766	0.8341	0.6788	0.8383
70	60	0.7230	0.8684	0.8112	0.8688	0.7084	0.8585
70	65	0.7644	0.8939	0.8552	0.9144	0.7424	0.8804
70	70	0.8101	0.9195	0.9085	0.9723	0.7798	0.9028

MBR=member's age

BEN=beneficiary's age



### SECTION V

### SERVICE RETIREMENT







## SECTION V

### SERVICE RETIREMENT



## Guidelines for the Service Retirement Application Process

Since most teachers retire in June, the timing guidelines below use a June retirement date. Retirement during other months will involve similar timing.



### Seek Retirement Counseling

(See Section IV, What to Consider Before Retirement)

A CalSTRS regional counselor can provide you with an allowance estimate based on the various options available and help you fill out your retirement application.

### Obtain an Application for Retirement

About January 1, call or write to CalSTRS or contact your employer or your county superintendent of schools to obtain an application for retirement. (See Section X, General Information, for Teletalk messages.)

### Complete and Submit the Application by Certified Mail

Complete and mail the application forms to CalSTRS as early as possible, but do not mail them earlier than six months prior to your retirement date. CalSTRS must receive the application no later than the last day of the month in which your retirement is to become effective. Whether you choose an unmodified allowance or an option, this will be your final election unless you notify CalSTRS in writing before the effective date of retirement.

### Complete and Return the Beneficiary Designation

Always keep your CalSTRS beneficiary designation up-to-date, including your beneficiary(ies) addresses, even after retirement. This designation applies to the lump sum payable upon the member's death. This is not related to the selection of an option beneficiary.

## Complete Health Insurance Premium Deduction Authorization

You should also contact your district for procedures to continue your health insurance, since practices vary among districts.

### Verify Birthdays and Marriage

If you elect an option, you must submit documentation verifying your option beneficiary's(ies') date of birth unless your option beneficiary(ies) is a CalSTRS member. Under some circumstances, CalSTRS will request verification of your birth date.



CalSTRS must review the certified birth documents that were issued by the recording agency with custody of the original document. All documents will be returned when verification is complete.

Acceptable documentation for birth date verification is listed in order of preference:

- certified birth record (recorded at least seven years before application for CalSTRS benefits)
- certified church baptismal record (recorded within six years of birth)
- transcript of listing in federal census (recorded within ten years of birth).

If the name has been changed from the name shown on the record of birth, a certified copy of the marriage certificate or court order documenting the change is required.

If you have the necessary birth and marriage certificates required for election of an option, enclose them with your application. However, do not postpone filing an application if you must obtain the required documents.

### ***What if I cannot locate any of the acceptable documentation?***

If the required document cannot be secured, forward the notice you receive from the official record keeper showing that no record is available. CalSTRS will help you secure other acceptable documentation.



## Mail Application

After you have completed your service retirement application forms, return the original application to CalSTRS in Sacramento by certified mail, return receipt requested. Retain a copy for your records.

**Do NOT submit your application to your employer. Your employer is not responsible for the timely submission of your retirement application to CalSTRS.**

## What CalSTRS does upon receipt of your Retirement Application

### Acknowledge receipt of your application

The post office will return the certified receipt acknowledging delivery of your application forms. Within two to three weeks, CalSTRS will mail you a letter acknowledging receipt of your application.

### Provide a retirement allowance calculation letter

CalSTRS will send a letter detailing your monthly estimated allowance prior to issuing your first allowance payment.

### Send your retirement allowance monthly

CalSTRS will issue your first monthly allowance payment approximately 30–45 days after the effective date of retirement or the date your application is received (whichever is later). You will receive your DBS benefit, whether it is paid in a lump sum or a monthly benefit as a separate payment.

### Send an adjustment letter

Your retirement allowance may be adjusted retroactively to your retirement date upon receipt of any additional information (sick leave, Golden Handshake, etc.).

CalSTRS will send you an adjustment letter(s), showing the previous payments made, the correct allowance payable and the reconciliation of those amounts. If a retroactive

amount is due, it will be paid shortly after the adjustment letter(s) is mailed.

The adjustment letter(s) will also show the total amount of your contributions as a Defined Benefit member. You should save the last letter to assist you in determining your income tax liability.

## Direct Deposit

If you want the quickest possible access to your monthly retirement payment, sign up for CalSTRS Direct Deposit service. Direct Deposit is the fastest, safest and most convenient method of receiving your monthly payment.

- It's the fastest because your money is deposited immediately and automatically into your account. If you have your check mailed to the bank or sent to your home, you will experience some delay from the time the check is mailed to the time you can access your money.
- It's the safest because your money goes from one source directly to the other via computer. You don't have to worry about a check being stolen, lost or delayed in the mail.
- It's the most convenient because your money is automatically deposited with your financial institution. This is particularly important if you do not have easy access to your financial institution.

With Direct Deposit, your money will be credited electronically to your bank account on the day your check is issued. A Direct Deposit Advice will be sent to your mailing address on the first of each month. Funds may be deposited into a checking or savings account in any U.S. financial institution you choose.

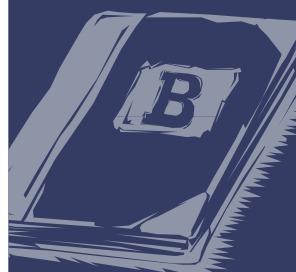
### ***CalSTRS supports and encourages enrollment in Direct Deposit.***

If you would like Direct Deposit, you can use the enrollment form included in the retirement application packet. The form is also available by request from the CalSTRS automated telephone system or the Public Service Office at 800-228-5453 or 916-229-3870. You can even download the Direct Deposit form from the CalSTRS Web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov).



SECTION V

SERVICE  
RETIREMENT







## SECTION V



### SERVICE RETIREMENT

## Health Insurance

CalSTRS does not provide health insurance coverage. Beginning July 1, 2001, however, CalSTRS will pay the Medicare Part A premium for members who retired before January 1, 2001, and are not otherwise eligible for premium-free Part A and enroll in Parts A and B.

During 2001, the Teachers' Retirement Board will determine whether to extend eligibility for payment of Medicare Part A premiums to members who retire after January 1, 2001. If this occurs, those members must meet these specific criteria:


- Retire on or after January 1, 2001, and not be eligible for Medicare Part A without payment of a premium

AND

- Enroll in Medicare Parts A and B at age 65

AND

- Retire from a school district that either:
  - a. Had an election to permit certificated employees to be covered by the Medicare payroll tax prior to January 1, 2001
- OR
- b. Has completed or is conducting the election on or after January 1, 2001, and if the member was less than 58 years of age at the time of the election, the individual member elected to participate in the Medicare payroll tax



In addition, you may authorize CalSTRS to deduct Medicare Part B and other group insurance premiums from your monthly retirement allowance. Complete instructions on this subject are included in the service retirement application packet.

## Post-Retirement Employment

### *Are there any employment restrictions after I retire?*

Your only restrictions on employment after service retirement are within the public school system of California.\*

*\*The Education Code prohibits employment in a classified position while a member is retired for service. The only exception is employment as a teacher's aide in certain circumstances.*

You may accept employment outside the California public school system in any capacity and continue to receive your CalSTRS service retirement allowance with no limitation on your earnings.

However, if you are performing creditable service (see Section XI, Glossary) in kindergarten through community college as an employee of a public school district, an independent contractor or an employee of a third party, there is a restriction on the amount you can earn without affecting your CalSTRS service retirement allowance. (See Limitation Exemptions below for exceptions.)

As of January 1, 2001, the limit on post-retirement earnings from public school employment is \$22,000. That limit will be adjusted on July 1, 2001 and each July 1 thereafter to reflect increases in the California Consumer Price Index. CalSTRS notifies employers and retired members of each year's post-retirement earnings limit.

Your CalSTRS retirement allowance will be reduced by the amount of creditable earnings from public school employment in excess of the limit established by law.

Post-retirement employment for creditable service may not begin earlier than your effective date of retirement.



For more information on the earnings limit, call CalSTRS Teletalk at 800-228-5453, message #372.

## Limitation Exemptions

Post-retirement earnings are exempted from limitations under the following circumstances, provided documentation for the exemption is submitted by your employer, if required:

- If you return to post-retirement, CalSTRS-covered employment without performing CalSTRS-covered service for at least 12 consecutive months after your retirement date (exemption ends January 1, 2008)
- If you are retired on or before July 1, 2000, and for as long as you are providing direct remedial education in a classroom for grade 2 through 12



- (until July 1, 2005) If you retired on or before January 1, 2000, and return to:
  - ♦ provide direct instruction in K-12 classroom
  - ♦ support or assess new teachers in Beginning Teacher Support and Assessment Program
  - ♦ provide support to individuals completing student teaching assignments, in Preinternment Teaching Program, alternative certifications programs or in School Paraprofessional Teacher Training Program

## Reinstatement to Active Member Status

Occasionally, a CalSTRS member retired for service decides to reinstate to active member status. You may be reinstated upon receipt of your written request to terminate your retirement allowance.

Before reinstatement to active member status, CalSTRS strongly recommends you write to the CalSTRS Service Retirement Division to request an estimate of your future benefits.

In your letter, include your Social Security number, address, telephone number and full name. In addition, state your estimated salary, how long you plan to be an active member again and if you will retain your same option (or select an option if you had not already) when you retire again.

You should also be aware of the following:

### One Year Before Next Retirement

At least one year must elapse from the date of your reinstatement to active member status from either service retirement or disability retirement before you may retire again from CalSTRS.

### One Year Service Credit for Disability or Survivor Benefits

You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability benefits or for survivor benefits upon your death.

## Golden Handshake

If you retired on or after January 1, 1985, and reinstate, you will lose any additional service credit that you may have acquired by participating in the Golden Handshake Program.

## Pre-Retirement Election of an Option

You are not eligible to file a pre-retirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired for service under an option, that option will automatically become a pre-retirement election when you reinstate.

## Coverage B

When eligible, you will be covered by Coverage B for survivor and disability benefits.

## Allowance Calculation

If you reinstated on or after September 30, 1992, when you retire for service a second time, your new service retirement allowance will be equal to the sum of both the following:

1. An amount equal to the last unmodified allowance received immediately before reinstatement, increased by the 2 percent COLA that would have been applied to the allowance if you had not reinstated

### PLUS

2. An amount based on service earned since your last reinstatement, your age at the subsequent retirement and final compensation. (If your total credited service is 30 or more years, you may be eligible for the career factor on the credited service earned following reinstatement.)

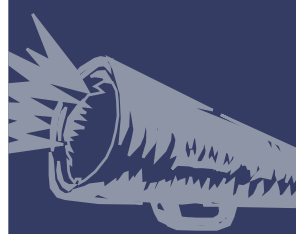
## Discontinuing Deduction for Health Insurance Premiums

If CalSTRS is deducting health insurance premiums from your allowance and you decide to reinstate, you will need to make premium payment arrangements with your health insurance carrier.



SECTION V

SERVICE  
RETIREMENT







## SECTION V

### SERVICE RETIREMENT



## Beneficiary Designation

*Throughout your career, it is important to keep a valid and current CalSTRS beneficiary designation form on file at CalSTRS.*

A lump-sum death payment will be payable to your designated beneficiary if you should die.



This is a separate designation form from your option beneficiary(ies) who receives an ongoing monthly allowance when you die. An individual,

however, may be designated the beneficiary of both the lump-sum payment and the monthly allowance. If no beneficiary(ies) designation is in effect on the date of death, the lump-sum death payment will be paid to your estate.

A valid beneficiary designation, with the beneficiary's(ies') current address and phone number, will eliminate the need for a lengthy search for potential beneficiaries and reduce the amount of time necessary to process and distribute funds payable.

A beneficiary designation received by CalSTRS after January 1, 1987, remains valid until revoked by the member. Marriage, dissolution or annulment after that date **does not automatically** invalidate a beneficiary designation.

If, however, your most recent beneficiary designation was received before January 1, 1987, and a marriage, dissolution or annulment occurred after the designation was received by CalSTRS and before January 1, 1987, the designation is invalid.

Your CalSTRS annual statement of account identifies your designated beneficiaries. You can designate one or more beneficiaries, and there is no restriction on who you may name.

For additional information, call CalSTRS' automated telephone system at 800-228-5453 to request a beneficiary designation form. Or download it from the CalSTRS Web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov).







## VI. Disability Benefits Programs

If you are 55 or older and have 25 years or more of service credit, it is especially important that you consult with a CalSTRS regional counselor before completing a disability application in order to compare disability and service retirement benefits.

For a list of Regional Counseling Centers, refer to Section X, General Information.

**A** As a member of the California CalSTRS Defined Benefit Program, you have disability protection under one of CalSTRS disability benefit programs. If you are unable to work because of illness or injury and meet eligibility requirements, you may be entitled to disability benefits until you recover.

Disability benefits are available to you if you meet eligibility requirements, and you have a medically determinable physical or mental impairment that prevents you from performing your usual job or comparable duties. The impairment must be permanent or expected to last at least twelve continuous months. Comparable duties are those for which you are qualified or can become qualified within a reasonable period of time with education, training, or experience.

### Regional Counseling Services

As soon as you start to consider applying for a disability allowance, CalSTRS suggests you see a CalSTRS regional counselor.

Counselors can help you review the choices available to you. When scheduling an interview, inform the schedule coordinator you wish to discuss a disability application.



### Reasonable Accommodation

Sometimes adjustments in the work environment can enable a member to continue working. Federal and state laws require employers to make reasonable adjustments for employees. Making such adjustments is known as “reasonable accommodation.” CalSTRS may also require you to request reasonable accommodation from your employer as a condition for receiving a disability benefit.

Examples of reasonable accommodation include employing a teacher’s aide, changing your grade level or subject assignment, improving your classroom or parking assignment, relieving you from yard duty and assigning you to other positions for which you may be qualified.



If you have questions about reasonable accommodation, contact your school district, or call CalSTRS at 800-228-5453 or 916-229-3870 to select Teletalk message #401 or talk to the Public Service staff.

### Filing a Disability Benefit Application

#### How

You can request a disability application packet from the CalSTRS Sacramento office. Call Teletalk at 800-228-5453 or write to CalSTRS at the address shown in Section X, General Information. Include your Social



SECTION VI

DISABILITY  
BENEFITS







## SECTION VI



### DISABILITY BENEFITS

Security number with your request. All application documents should be sent by certified mail with a return receipt requested.


#### When

You can file an application **while you are working** or receiving sick leave or differential pay benefits from your employer. The effective date of disability benefits cannot be earlier than the first day of the month the application **is received** at the CalSTRS office in Sacramento, but must be later than the last day of service for which you are paid.

CalSTRS encourages you not to wait until all benefits are exhausted before filing for disability benefits.

You can also file an application **while you are not working** if you meet one of the following conditions:

- 
- you have been physically or mentally incapacitated from performance of service and the incapacity has been continuous from your last day of compensated service
  - you have applied within four months of termination of your CalSTRS-covered employment
  - you have applied within four months of your last day of compensated service if you are on a personal leave of absence
  - you have applied within twelve months of your last day of compensated service if you are on an employer-approved leave to study at an approved college or university



For a complete text of the disability provisions, please refer to Education Code Sections 24002 and 24102-Conditions for Applications and 24001 and 24101-Eligibility Requirements. Text is available online at the Quick Link section of the CalSTRS Web site, [www.calstrs.ca.gov](http://www.calstrs.ca.gov).

For more information, please contact a CalSTRS regional counselor or the CalSTRS Public Service Office. CalSTRS also encourages conservators, guardians or others caring for a physically or mentally

incapacitated CalSTRS member to contact the CalSTRS Public Service Office to inquire if the member qualifies for disability benefits.

#### ***How long does it take to process a claim?***

The length of processing time varies from one to six months depending on individual cases. Medical information, including additional professional opinions, may be required to make a final determination. You can help CalSTRS by filing a complete application, including relevant physician and hospital reports and promptly providing any other required documentation.

Do not hold off filing your application because you do not have your medical documents.

#### **Information to Provide**

If you believe you are eligible to file for benefits, you will need to provide information, including medical records, hospital reports and a questionnaire completed by your employer. You are responsible for any fees charged for providing information to CalSTRS.

If additional medical information is necessary, an Independent Medical Examination may be scheduled for you. CalSTRS will notify you if this is necessary, and CalSTRS will pay for the IME and any reasonable related costs.

#### **Independent Vocational Evaluation**

An independent vocational evaluation may be required to determine if you can perform your essential core duties at a “comparable level.” Duties of a comparable level are defined as any job that a member may be qualified to perform that will provide earnings of 66 2/3 percent or more of the member’s indexed final compensation.

The independent vocational evaluation usually begins with an interview with a vocational consultant. The consultant will discuss your job history and residual functional capabilities and limitations. Your employer may be interviewed to determine if your job can be modified and to see if



reasonable accommodation would allow you to continue working.

## Notification

You will receive written notification once CalSTRS reaches a decision on your disability application.

## Approval

If your disability application is approved and you are still performing creditable service, you must cease on-the-job employment before CalSTRS can begin paying your benefits. Notification of your approval will also be sent to your employer.

You should receive your first disability payment within 45 days after all necessary information is received. The payment will include any retroactive disability payment amounts due.

After receipt of this first payment, you will receive a regular disability payment on or about the first day of each month.

## Prescribed Treatment Program

If your disability is amenable to treatment that could allow you to perform your usual duties or those of a comparable level, you may be required to participate in a Prescribed Treatment Program developed by your attending physician.

## Limited-Term Disability Benefits

If your condition is expected to improve with mental, physical or vocational rehabilitation, you may be approved for limited-term disability benefits.

These benefits are granted for a specific time period. CalSTRS can renew them if your condition does not improve.

## Vocational Rehabilitation Program

The CalSTRS Rehabilitation Program provides a variety of services to disabled members.

If CalSTRS determines that you are a potential candidate for the Rehabilitation

Program, an independent vocational evaluation will be conducted to assess your current capabilities and limitations. The consultant will also discuss your career interests and help you develop a rehabilitation plan with the goal of helping you return to comparable level employment.

You are required to make a good faith effort in developing a rehabilitation plan.

Upon development and approval of your plan, CalSTRS will pay reasonable costs for tuition, fees, books and materials related to a college or vocational training program, transportation, job placement assistance and other activities that prepare you to return to comparable level employment.

If your medical condition worsens and you cannot continue your vocational rehabilitation program, your allowance will not be terminated.

## Disapproval Right to Appeal

If your disability application is not approved, you will receive a letter explaining the reasons and your further right to appeal.

If you have reached age 55 or older at the time disability benefits are denied, information about service retirement will also be sent to you. You may apply for and receive a service retirement allowance while you appeal the disability decision.

## Who hears the administrative appeal?

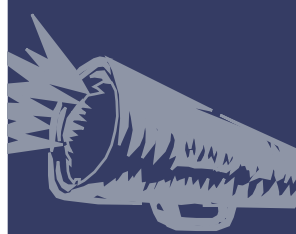


- Office of Administrative Hearings  
Appeals are processed through the Office of Administrative Hearings, a governmental agency independent of CalSTRS. You may represent yourself or hire an attorney to represent you at the hearing.  
An administrative law judge hears all evidence related to the case and issues a proposed decision to the Teachers' Retirement Board.



## SECTION VI

## DISABILITY BENEFITS







## SECTION VI

### DISABILITY BENEFITS



- **Teachers' Retirement Board**  
The board can adopt or reject the decision of the administrative law judge. If you are dissatisfied with the decision of the Teachers' Retirement Board, you can appeal its decision to a Superior Court.

## Steps in the Disability Process


- Request an application packet from CalSTRS.
  - Send the application and any pertinent documents to CalSTRS, certified mail, return receipt requested. *Remember: It is the date the application is received in the Sacramento office that establishes the benefit effective date.*
  - CalSTRS receives and acknowledges receipt of your disability application and other documents you submit.
  - CalSTRS reviews application and your eligibility status and mails requests for medical and other required documents to you.
  - CalSTRS awaits receipt of information and sends follow-up requests for missing documents.
  - CalSTRS will notify you if an Independent Medical Examination and/or Independent Vocational Evaluation needs to be scheduled.
  - CalSTRS reviews all data on file and determines approval or disapproval.
  - CalSTRS sends notification of decision to you.
- 

## Coverage A or Coverage B


You are protected for disability under either Coverage A, Disability Allowance or Coverage B, Disability Retirement.

If you became a CalSTRS member after October 15, 1992, you are protected under Coverage B. If you were a CalSTRS member before that date, you were offered the choice of either Coverage A or Coverage B in 1992 and 1993.

Your annual statement of account will show which disability coverage you have or, if you are not certain of your coverage, you can call Public Service at 800-228-5453 or 916-229-3870.



## Coverage A Disability Allowance Program



The information in this section is for individuals who became members of CalSTRS before October 16, 1992, and did not elect Coverage B. If you elected Coverage B, see page 50.

A member receiving Disability Allowance, Coverage A, is *not* considered retired. You will remain an "active" member of CalSTRS and continue to accrue service credit toward retirement while you are receiving a CalSTRS disability allowance. The allowance will continue to be paid as long as you remain disabled or until you reach age 60.

At age 60, the disability allowance will be terminated, and you will be eligible to apply for service retirement. A disability allowance may continue beyond age 60 only if you have eligible children and remain disabled.

## Eligibility Requirements

To apply for a disability allowance you must meet the following requirements:

- **Age**  
You must be under age 60.
- **Service credit**  
You must have five or more years of credited service and four of the five years of credit must be for actual performance of creditable service.

At least one year of service must have been earned after the date of your most recent reinstatement to membership from Service Retirement or your most recent refund of accumulated contributions (if applicable).

## and

Your last five years of credited service must have been performed in California.

You may be eligible for a disability allowance with one year of credited California service if you are disabled due to an *unlawful act of bodily harm* committed by another person upon you while you were working in CalSTRS-covered employment. If you believe this circumstance applies to you, contact the CalSTRS Public Service Office or a regional counselor for more information.



## Coverage A Disability Allowance Formulas *How is the disability allowance calculated?*

If you are approved to receive a disability allowance, you will receive the balance of your DBS contributions and interest as discussed on page 9. You will also receive an ongoing allowance. The formula for this disability allowance is 50 percent of final compensation for most applicants.

Final compensation for a full-time employee with less than 25 years of credited service is generally the highest average monthly compensation earnable during any period of three consecutive years (36 consecutive months). For a member with 25 or more years of credited service, final compensation is the highest 12 consecutive months.

For periods of part-time employment (i.e., hourly, substitute, daily salaries), final compensation will be computed using actual salary earned during that period. Contact CalSTRS for more information.

**Alternative Formula**—An alternative formula is used for members who have less than 10 years of service credit and who become disabled between the ages of 45 and 60. The disability allowance formula for these members is 5 percent of final compensation for each year of credited service.

### Example 1 – Alternative Formula

If you qualify for a disability benefit at age 50 with five years of service credit, you would receive an allowance of 25 percent of final compensation. If your final compensation is \$3,600 a month, your disability allowance would be calculated as follows:

**5 percent x 5 years  
of service credit ..... = 25 percent**  
**25 percent x \$3,600 ..... = \$900 final  
compensation**

### Example 2 – Alternative Formula

If you have nine years of service credit, your allowance would be calculated at 45 percent of final compensation.

**5 percent x 9 years  
of service credit ..... = 45 percent**  
**45 percent x \$3,600 ..... = \$1,620 final  
compensation**

## *Will receipt of other benefits affect the CalSTRS disability allowance?*

Yes. Your monthly CalSTRS allowance, including the amount received for a dependent child, will be reduced by the full amount paid or payable from other public systems.

Other public systems include:

- Workers' Compensation
- Social Security disability
- Federal military disability
- Income protection plans (if premiums were paid by the school employer, not by the member), and any other disability program financed with public funds.

## *Will the allowance be increased for dependent children?*

Yes. If you have eligible children you will receive an additional 10 percent of final compensation for each child, up to a maximum of four children (or 40 percent). The maximum allowance payable to a member is 90 percent of final compensation.

A child is eligible if, on the effective date of the disability allowance, he or she is:

- the unmarried natural, adopted or stepchild of the member and not adopted by a person other than the member's spouse
- born within the 10-month period commencing on the effective date of the member's disability allowance
- under age 22
- financially dependent upon the member

When a child no longer meets the eligibility requirements, the monthly allowance will be reduced by that child's portion.

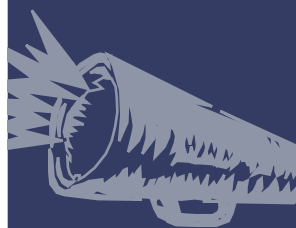
## Disability Allowance Worksheet

Final compensation must be determined before the monthly disability allowance can be calculated. Service credit is not a factor in the determination of the disability allowance, except when determining the monthly allowance under Coverage A when a member has less than 10 years of service credit and is between the ages of 45 and 60.



## SECTION VI

### DISABILITY BENEFITS





## SECTION VI

### DISABILITY BENEFITS

#### Disability Allowance Examples

##### Regular (50 percent Formula)

Charles is granted disability benefits with a benefit effective date of July 1. He has 14 years of service credit. Charles has one eligible child and he receives \$300 a month from Workers' Compensation.

##### Step A: Final Compensation

Highest 36 consecutive months earnable salary

7/1/99 to 6/30/00 (12 mo) .....	\$ 42,430
7/1/98 to 6/30/99 (12 mo) .....	\$ 39,850
7/1/97 to 6/30/98 (12 mo) .....	\$37,700
(36 mo total) .....	\$119,980
	÷ 36 Months
<b>Final Compensation .....</b>	<b>\$3,332.78</b>

##### Step B: Calculate Disability Allowance

- 1. Final compensation x 50%**  
(\$3,332.78 x 50%) = 1,666.39
- 2. Eligible children (1 child @ 10%)**  
(10% x \$3,332.78) = +333.28
- 3. Monthly allowance before offset for other public benefit = \$1,999.67**
- 4. Less benefit payable from another public system**  
(Workers' Compensation) -300.00
- 5. Adjusted monthly allowance = \$1,699.67**

##### Alternative Formula

Sharon is granted disability benefits with a benefit effective date of January 1. She has service credit of 8.072 years and is between age 45 and 60. She has 2 eligible children and receives \$300 a month from Workers' Compensation.

##### Step A: Final Compensation

Highest 36 consecutive months earnable salary

7/1/99–12/31/00 (6 mo) .....	\$20,950
7/1/98–6/30/99 (12 mo) .....	\$39,256
7/1/97–6/30/98 (12 mo) .....	\$36,624
1/1/97–6/30/97 (6 mo) .....	\$17,265
(36 mo total) .....	\$114,095
	÷ 36 Months
<b>Final Compensation .....</b>	<b>\$3,169.31</b>

##### Step B: Calculate Disability Allowance

- 1. Number of years of service credit** 8.072
- 2. Service Credit x 5% x Final Compensation**  
(8.072 x 5% x \$3,169.31) \$1,279.13
- 3. Eligible children** +\$633.86  
(2 x 10% x \$3,169.31)
- 4. Monthly allowance before offset for other public benefit = \$1,912.99**
- 5. Less allowance payable from other public system**  
(Workers' Compensation) -300
- 6. Adjusted Monthly Allowance = \$1,612.99**

#### Earnings Limits

##### *How much income can I earn and still receive a disability allowance?*

You are allowed to earn money while receiving a disability allowance. CalSTRS recognizes it can be helpful for you to begin with part-time or limited employment as you return to teaching or other employment.

The law establishes two separate earnings limits for members receiving a disability allowance: a single-month earnings limit and a six-month earnings limit. The earnings limits are initially based on your final compensation.

Each year an index factor, developed from the average salary increase of all CalSTRS active members, is used to determine indexed final compensation. Indexed final compensation serves as a measure of current salaries.

##### Single-Month Earnings Limit

The sum of your base disability allowance (monthly allowance before offset for other public benefit), plus your earnings from all employment, is compared to your indexed final compensation. A comparison is made to determine if your earnings have exceeded the single-month earnings limit.

If the earnings exceed the limit, the excess amount is considered an overpayment and will be recovered by CalSTRS.



### Example

Margaret has a base disability allowance of \$1,500 and employment earnings of \$2,075 in a single month. Her employment earnings plus the base disability allowance exceed 100 percent of indexed final compensation (\$3,100).

\$	1,500	(base disability allowance)
+	2,075	(monthly employment earnings)
=	\$3,575	(total monthly income)
-	3,100	(indexed final compensation)
=	\$ 475	(overpayment, which will be recovered by CalSTRS)

### Six-Month Earnings Limit

CalSTRS makes a separate calculation which compares your earnings to 66 2/3 percent of your indexed final compensation.

If you are able to earn 66 2/3 percent of the indexed final compensation from employment earnings over a continuous six-month period, you are no longer considered disabled. Your disability allowance will be terminated and any allowance payments made after this period will be recovered by CalSTRS.

### Example

Bob earns \$2,075 monthly from employment earnings over any continuous six-month period.

\$	3,100.00	(indexed final compensation)
x	.66667	(66 2/3%)
x	6	(months)
=	\$12,400.06	(6 mo. earnings limit)
\$	2,075.00	(monthly employment earnings)
x	6	(months)
=	\$12,450.00	(6 mo. employment earnings)
-	\$12,400.06	(6 mo. earnings limit)
=	\$49.94	(earnings in excess of 6 mo. earnings, which will be recovered by CalSTRS)

### Annual Report of Earnings

You are required to provide an annual report of your gross earnings to CalSTRS. The Employment Development Department and your employer provide verification of the earnings you report to CalSTRS.

### Periodic Review of Status

CalSTRS will review your medical and vocational status for continuing eligibility on a periodic basis. This review will include:

- medical reports from your doctor
- your annual earnings from all employment, if any
- an annual inquiry regarding other disability benefits

You should notify CalSTRS if:

- you return to employment or become self-employed
- you change your address
- benefits you receive from another public agency change or cease
- your child is married or is no longer financially dependent

It is important that you keep CalSTRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur.

### Pre-Retirement Election of an Option

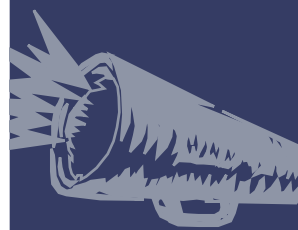
You are not required to cancel a pre-retirement election of an option in order to be eligible for a disability allowance. In addition, after reaching age 55, you may make a pre-retirement election of an option while receiving a disability allowance. (A family allowance will not be payable if there is a pre-retirement election of an option in effect. See page 54 for an explanation of family allowance.)

This election is available if you want to ensure a monthly lifetime income to another person should you die prior to retirement. (See page 22 for more information regarding pre-retirement election of an option.)



## SECTION VI

### DISABILITY BENEFITS







## SECTION VI



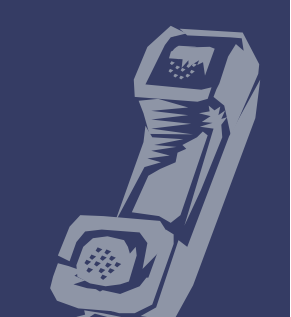
### DISABILITY BENEFITS



#### Conversion to Service Retirement *What happens when I reach age 60?*

Approximately six months before your 60<sup>th</sup> birthday\*, CalSTRS will notify you of the pending termination of the disability allowance and your eligibility to apply for Service Retirement.

The notification will include an estimate of the unmodified service retirement allowance you are eligible to receive and a service retirement application packet.



Before calculating your service retirement allowance, CalSTRS will project your service credit through the duration of your disability. The final compensation used for the disability allowance will be projected forward at the rate of 2 percent per year. Your retirement allowance will be calculated using your actual and projected service credit and projected final compensation. You will receive either the service retirement allowance or the disability allowance you had been receiving prior to your 60<sup>th</sup> birthday, whichever is less.

You may also elect to modify the service retirement allowance by choosing one of the available options.

For more information, call the CalSTRS automated telephone system at 800-228-5453 and select Teletalk message #426.



#### Coverage B Disability Retirement Program

The information in this section is for members who joined CalSTRS after October 15, 1992, and for individuals who elected Disability Retirement Coverage B during the election held between October 1992 and April 1993.

A member receiving a disability retirement allowance is considered retired from active status and does not receive service credit. Your allowance will continue to be paid as

*\* For members with dependent children, termination of the disability allowance is postponed until the children are no longer eligible.*

long as you remain disabled, without respect to age. If it is determined that you are no longer disabled, or you return to full-time employment, your disability retirement will be terminated and you will be reinstated to active membership.

#### Eligibility Requirements

To apply for a disability retirement allowance, you must meet the following requirements:

- **Age**

There are no restrictions.

- **Service credit**

You must have five or more years of credited service. Four of the five years of credit must be for actual performance of creditable service.

At least one year of service credit must have been earned after the date of your most recent reinstatement to membership:

*1) after receiving a disability allowance 2) following a service retirement or 3) following the most recent refund of your accumulated contributions.*

Your last five years of credited service must have been performed in California.

You may be eligible for a disability retirement allowance with one year of credited California service if you are disabled due to an *unlawful act of bodily harm* committed by another person upon you while you were working in CalSTRS-covered employment. If you believe this circumstance applies to you, contact the CalSTRS Public Service Office or a regional counselor for more information.

#### Concurrent Retirement

You may be eligible to retire concurrently with another pension system such as the California Public Employees' Retirement System or the University of California Retirement System. (See Concurrent Retirement, page 22, for a list of the systems.) To qualify for a disability retirement, you must be fully vested in CalSTRS and meet all the CalSTRS requirements. For purposes of computing final compensation, CalSTRS may use the salary(ies) from employment under the other system, if it is higher than your CalSTRS salary(ies) and employment was not concurrent in both systems.



## Option Beneficiary

An option is a plan feature that allows you to choose to redistribute your disability retirement allowance over both your lifetime and the lifetime of another person or persons. An option provides a modified retirement allowance based on a percentage of the unmodified allowance level. At the time you retire for disability, you may elect an option if you wish to have another person or persons receive a monthly income after your death. The amount of your modified allowance will depend upon your age and the age of your option beneficiary(ies) on your disability retirement effective date. (See pages 31–32 for option descriptions.)

Option tables for disability are not included in this handbook. For an estimate of your allowance and the allowance of your beneficiary(ies) under each of the options, CalSTRS recommends you contact a regional counselor.

See Section V, Service Retirement, for more information on Options or Section X, General Information, for regional counselor locations and telephone numbers.

## Coverage B

### Disability Retirement Formula

#### ***How is the disability retirement allowance calculated?***

If you are approved to receive a disability allowance, you will receive the balance of your DBS contributions and interest as discussed on page 9. You will also receive an ongoing allowance. The formula for this disability allowance is 50 percent of final compensation for most applicants. This is also referred to as the “unmodified” allowance.

Final compensation for a full-time employee is generally the highest average monthly compensation earnable by a member during any period of three consecutive years (36 consecutive months) of credited service. One-year final compensation is available under certain circumstances. (See pages 26 and 27 for nonconsecutive final compensation and one-year final compensation information.)

For periods of part-time employment (hourly, substitute, daily), final compensation may be computed using actual salary earned during that period. Contact CalSTRS for more information.

An unmodified allowance is usually the highest monthly allowance available to a retired member. Upon your death, the unmodified allowance will stop. It does *not* provide for a monthly income to a survivor after your death.

#### ***Will receipt of other benefits affect the CalSTRS disability retirement allowance?***

Yes. Your monthly CalSTRS allowance will be reduced by the full amount paid or payable from Workers’ Compensation. Children’s benefits will not be affected.

#### ***Will the allowance be increased for dependent children?***

Yes. If you have eligible children you will receive an additional 10 percent of final compensation for each child, up to a maximum of four children or 40 percent. The maximum allowance payable to a member is 90 percent of final compensation.

To qualify, your child must be financially dependent upon you on the effective date of your disability retirement allowance and must be under age 21.

When your child no longer meets the eligibility requirements, the monthly allowance will be reduced by that child’s portion.

### Disability Retirement Allowance Worksheet

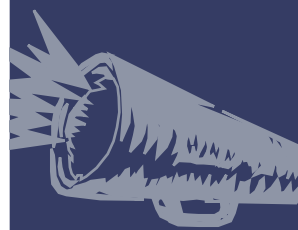
Final compensation must be determined before your monthly allowance can be calculated. Service credit is not a factor in the determination of the disability retirement allowance.

If you have selected a disability retirement option, your unmodified allowance will be adjusted, depending on the option you have chosen.



## SECTION VI

### DISABILITY BENEFITS







## SECTION VI




### DISABILITY BENEFITS

#### **Disability Retirement Example**

Jack is granted benefits with an effective date of September 1. He has three eligible dependent children. Jack has elected to receive an unmodified allowance. He is not eligible for Workers' Compensation.

#### **Step A: Final Compensation**

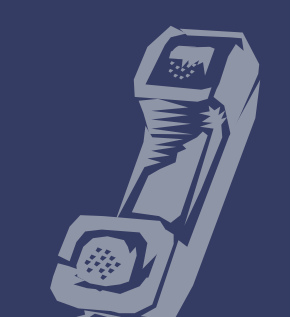
Highest 36 consecutive months earnable salary



7/1/00–8/31/00 ( 2 mo) .....	\$ 5,727.30
7/1/99–6/30/00 (12 mo) .....	\$33,099.00
7/1/98–6/30/99 (12 mo) .....	\$30,375.60
9/1/97–6/30/98 (10 mo) .....	\$24,908.30
(36 mo total) .....	\$94,110.20
	÷ 36 months

**Final Compensation ..... \$2,614.17**

#### **Step B: Calculate Disability Retirement Allowance**



<b>1. Final Compensation x 50%</b> <b>= Unmodified Allowance</b> (\$2,614.17 x 50%)	= \$1,307.09
<b>2. Allowance payable from</b> <b>Workers' Compensation</b>	- \$0
<b>3. Number of Eligible children</b> (3 x 10% x \$2,614.17)	\$784.25
<b>4. Adjusted Monthly Allowance</b>	\$2,091.34

#### **Earnings Limit**

You are allowed to earn money while receiving a disability retirement allowance. CalSTRS recognizes that it can be helpful to begin with limited employment as you return to teaching or other employment.

However, your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you are participating in an approved CalSTRS rehabilitation plan.

#### **How much income can I earn and still receive a disability retirement allowance?**

Your CalSTRS disability retirement allowance will be reduced dollar-for-dollar by the total amount of earnings from **all** employment in excess of the 12-month calendar year limit.

You will be required to provide CalSTRS with an annual report of your gross earnings from all employment. The Employment

Development Department and your employer(s) verify the reported earnings.

The 2000 calendar year limit was \$19,050. The 2001 earnings limit will be slightly higher and will be announced in late January. Call the Public Service Office after February 1 to learn the 2001 limit.

#### **Periodic Review of Status**

CalSTRS will review your medical and vocational status for continuing eligibility on a periodic basis. This review will include:

- medical reports from your doctor
- your annual earnings from all employment, if any
- an annual inquiry about other disability benefits

You should notify CalSTRS if:

- you return to employment or become self-employed
- if you change your address
- benefits you receive from workers' compensation change

It is important that you keep CalSTRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur.





## VII. Benefits for Survivors

payment depends on the member's coverage and whether the death occurred before or after the member's retirement. If the member has not named a beneficiary, the member's estate receives the lump-sum death payment.

**T**he CalSTRS Defined Benefit Program provides benefits to survivors of members who die, either before or after retirement. These benefits are designed to provide a basic level of security for survivors and vary depending on whether the member had Coverage A, Family Allowance or Coverage B, Survivor Benefit.

### Coverage A or Coverage B

If you became a CalSTRS member after October 15, 1992, your survivors are protected under Coverage B. If you were a CalSTRS member before that date, you were offered the choice of either Coverage A or Coverage B.



Your annual statement of account will show which survivor coverage you have, or, if you are not certain of your coverage, you can call the CalSTRS Public Service Office at 800-228-5453 or (916) 229-3870.

### Lump-Sum Death Payment

A lump-sum death payment is payable to the designated beneficiary(ies) under both Coverage A and B. The amount of the

### Monthly Allowances

Monthly allowances may be paid to eligible survivors of members who die before retirement or who are receiving a disability allowance at the time of death.

These monthly allowances are not made to option beneficiaries of CalSTRS members who had elected a pre-retirement option. See page 22 for more information on pre-retirement option election.

In addition, the survivors will receive the balance of the member's Defined Benefit Supplement contributions and interest. (See page 9.)

### Member Has Less Than One Year of Service Credit

If a member has less than one year of service credit, the benefit payable to the surviving beneficiary is a refund of accumulated retirement contributions and credited interest.

### If a CalSTRS Member Dies Before Retirement — Coverage A



Under Coverage A, benefits are payable to survivors of a person who became a member of CalSTRS before October 16, 1992, and did not elect Coverage B.

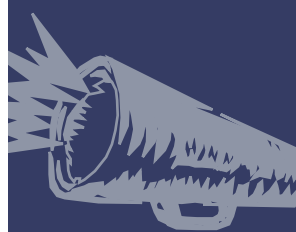
### Lump-Sum Death Payment

Under Coverage A, if a CalSTRS member dies before he or she retires, CalSTRS pays a \$5,763 lump-sum death payment to the beneficiary(ies) chosen by the member. (This amount is adjusted periodically by the Teachers' Retirement Board.) If more than



## SECTION VII

### SURVIVOR BENEFITS

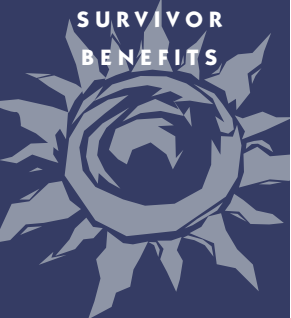






## SECTION VII

### SURVIVOR BENEFITS



one beneficiary is named, the payment is divided equally, unless the member specified other percentages of distribution. If there is no designated beneficiary, CalSTRS must make the payment to the estate of the deceased member.

For CalSTRS to pay this benefit, the member must have had one year or more of credited service and the member's death must have occurred during one of the following periods:

- while in employment for which compensation is paid or while receiving a disability allowance
- within four months after the member terminated employment or had last earned creditable service
- within four months after the member terminated a disability allowance if no service was performed after the termination
- within 12 months of the last day for which compensation was paid, if the member was on an approved leave of absence without compensation, for reasons other than disability or military service

In addition to these qualifications, if the member had taken a refund of accumulated retirement contributions, the member must have subsequently performed one year of credited service.

*Note: Coverage A includes a provision that would provide death benefits if the disability had been continuous from the last day for which compensation had been paid.*

### Family Allowance

#### ***How do survivors qualify for the monthly Coverage A family allowance?***

The member must have met the same eligibility requirements as for the lump-sum death payment described above, and the member:

- cannot have a pre-retirement election of an option in effect
- must have earned one year of credited CalSTRS service since reinstatement from service retirement (if applicable)
- must have earned at least one-half year of credited service after a break in service of more than one year (if applicable)

Under Coverage A, a monthly family allowance is payable to:

#### ***1) The surviving spouse with eligible children***

A dependent child is eligible if he or she is:

- the natural, adopted or stepchild of the member and not adopted by a person other than the member's spouse
- born within the 10-month period commencing on the date the member died
- under age 22 and unmarried at the time of the member's death **and**
- financially dependent upon the member on the date the member died, or on the effective date of disability, if the member died while receiving a disability allowance

The surviving spouse will receive 40 percent of the member's final compensation\* and 10 percent of the member's final compensation for each child up to a maximum of 50 percent for five or more children. The maximum family allowance is 90 percent of a member's final compensation. The family allowance is payable as long as there is an unmarried, dependent child under the age of 22. (See example on page 55)



#### ***2) The surviving spouse with no eligible children***

If there are no eligible children (or when the last child is no longer eligible), the surviving spouse may elect to receive:

- a return of the accumulated contributions and interest in the member's account at the time of death, less all monthly allowances paid

### OR

- a monthly allowance beginning at age 60, payable for life. The calculation is based on the projected service and final compensation the member would have accrued as if he or she retired at age 60
- a monthly allowance before age 60, actuarially reduced

*\*For periods of part-time employment (hourly, substitute, daily), final compensation may be computed using actual salary earned during that period. Contact CalSTRS for more information.*



### 3) *Dependent children, but no surviving spouse*

If there are dependent children, but no surviving spouse, the dependent children are eligible for 10 percent of the member's final compensation for each child up to a maximum allowance of 50 percent. If there are more than five eligible dependent children, they will share equally in the total 50 percent of final compensation. Benefits are payable to each child until the child is no longer eligible (marries, attains age 22, or is no longer dependent). Once all children are no longer eligible for a benefit, any remaining contributions and interest in the member's account, less all monthly allowances paid, will be paid to the member's beneficiary.

### 4) *Dependent parents*

A family allowance can be paid to dependent parents if there is no surviving spouse and no dependent children. A parent will be paid a monthly payment for life beginning at age 60 or, if the dependent parent is under age 60, he or she may elect to receive an actuarially reduced allowance for life. For more information about eligibility requirements for this allowance, contact CalSTRS.

### 5) *Named beneficiary*

If there is not a surviving spouse, eligible children or dependent parents, the remaining contributions and interest in the member's account, if any, will be paid to the named beneficiary(ies) designated to receive the lump-sum death payment. If no beneficiary has been designated, CalSTRS must make the payment to the member's estate.

### Offsets

CalSTRS must offset any family allowance under Coverage A by the amount of benefits payable by other public systems because of a member's death. Other public systems include Social Security; federal civil service retirement; federal military disability; railroad retirement; and any other public retirement system, including disability programs financed from public funds.

A copy of the award letter(s) must be sent to CalSTRS so that payments can be adjusted.

## Coverage A — Family Allowance Example

Rob dies at age 40. His survivors include a spouse with eligible children.

### Example — Coverage A

**Member:** Rob, age 40

**Spouse:** Linda, age 40

**Children:** Mike 15, Robert 10, & Sandy 5

**Service Credit:** 10 years

<b>Final Compensation</b>	\$3,220
<b>a. Spouse's Allowance</b> (40% x \$3,220)	\$ 1,288
<b>b. Children's Increment</b> 3 x 10% x \$3,220	\$ 966
<b>Family Allowance with eligible children (a+b)</b>	\$ 2,254
<b>Less Social Security offset (\$500)</b>	- \$ 500
<b>Amount payable by CalSTRS</b>	<b>\$ 1,754</b>

Linda will receive a monthly family allowance of \$1,754 as long as she has three eligible children. In addition, an annual allowance improvement increase of 2 percent of the basic allowance will be added to the monthly payment each September, beginning a year after Rob's death. As each child becomes ineligible, that child's increment will no longer be included in the basic allowance.

When her youngest child reaches age 22, or is no longer eligible, Linda, age 57, will have to make a choice:

- She can take the remaining contributions and interest in Rob's account, less all previously paid benefits.

### OR

- At age 60, Linda can receive the surviving spouse allowance payable for life. She will receive a monthly payment of \$1,353.85, based on Rob's projected service and projected final compensation. This equals one-half of what Rob would have received if he had worked to age 60 and elected Option 3.\*

*\*The calculation will also include service credit for the member's unused sick leave if he or she became a CalSTRS member before July 1, 1980, or died on or after January 1, 1999.*



## SECTION VII

### SURVIVOR BENEFITS





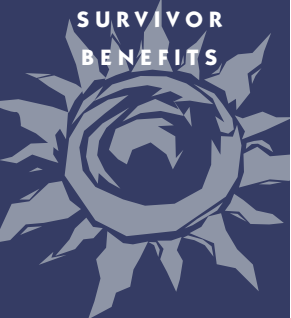


OR

- If Linda elects to receive the surviving spouse allowance before age 60, the allowance will be actuarially reduced.

## SECTION VII

### SURVIVOR BENEFITS



### If a CalSTRS Member Dies Before Retirement — Coverage B



Under Coverage B, benefits are payable to survivors of a person who became a member of CalSTRS on or after October 16, 1992, or elected Coverage B.

#### Lump-Sum Death Payment

Under Coverage B, if a CalSTRS member dies before he or she retires, CalSTRS pays a \$23,052 lump-sum death payment to the beneficiary(ies) chosen by the member. (This amount is adjusted periodically by the Teachers' Retirement Board.) If more than one beneficiary is named, the payment is divided equally, unless the member specified other percentages of distribution. If there is no designated beneficiary, CalSTRS must make the payment to the estate of the deceased member.

For CalSTRS to pay this benefit, the member must have had one year or more of credited service and the member's death must have occurred during one of the following periods:

- while in employment for which creditable compensation is paid
- within four months after the member terminated employment or had last earned creditable service
- within 12 months of the last day for which creditable compensation is paid, if the member was on an approved leave of absence without compensation, for reasons other than disability or military service

In addition to these qualifications, if the member had taken a refund of contributions or had reinstated after retirement, the member must also have:

- earned one year of service credit

OR

- six months must have elapsed since reinstatement from disability retirement

#### Survivor Benefit

##### *How do survivors qualify for the monthly Coverage B survivor benefit?*

The member must have met the same eligibility requirements as for the lump-sum death payment and the member:

- must not have a pre-retirement election of an option in effect
- must have earned one year of credited CalSTRS service since reinstatement from service retirement (if applicable)
- must have earned at least one-half year of service credit after a break in service of more than one year (if applicable)
- must have died within four months after reinstatement from disability retirement, if member had reinstated to active membership from disability retirement

Under Coverage B, a monthly survivor benefit is payable to:

##### *1) The surviving spouse*

Under Coverage B, the monthly survivor benefit allowance payment is made to a surviving spouse.

##### **The spouse is eligible for a monthly allowance whether or not there are eligible children.**

The allowance is calculated as if the member had retired under Option 3 on the date of death. Under Coverage B, a surviving spouse has the choice of receiving either a monthly allowance or a return of the member's contributions and interest.

The surviving spouse can begin receiving the survivor benefit allowance either:

- immediately as of the member's date of death  
(The benefit is reduced if the member was under age 60 at the time of death.)



**OR**

- when the deceased member *would have reached* age 60

The monthly allowance is calculated on the member's actual service credit and final compensation\* at the time of the member's death. If the member dies on or before age 60, the member's and spouse's ages as of the date the member would have attained age 60 are used in the calculation.

If the member dies after age 60, the member's age and spouse's age as of the date of death will be used in the calculation.

The survivor benefit calculation will also include service credit for the member's unused sick leave.

## 2) Eligible children

If there are eligible dependent children and the spouse decides to take a survivor benefit, each child will also receive a monthly allowance.

An allowance is not payable to eligible dependent children if there is no surviving spouse or if the surviving spouse decides to receive a return of the member's contributions and interest.

A child is eligible if he or she is:

- the natural, adopted or stepchild of the member and not adopted by a person other than the member's spouse **and**
- under age 21 at the time of the member's death **and**
- financially dependent upon the member at the time of death

The child's allowance begins on the day following the member's date of death and is payable until age 21, even if the spouse elects to wait to receive a monthly survivor allowance until the member's 60<sup>th</sup> birthday.

*\*For periods of part-time employment (hourly, substitute, daily), final compensation may be computed using actual salary earned during that period. Contact CalSTRS for more information.*

If the surviving spouse dies before the last child reaches age 21, the children's allowance is still payable until the child attains age 21. Once all children are no longer eligible for a benefit, any remaining contributions and interest in the member's account, less all monthly allowances paid, will be paid to the member's beneficiary.

Each child's allowance is 10 percent of the member's final compensation, up to a maximum of 50 percent for five or more children.

## Offsets

The monthly survivor benefit allowance under Coverage B is *not* reduced by benefits payable from other public systems, such as Social Security.

## Coverage B—Survivor Benefit Allowance Example

Rob dies at age 40. His survivors include a spouse with eligible children.

<b>Member</b>	Rob, age 40
<b>Spouse</b>	Linda, age 40
<b>Children</b>	Mike 15, Robert 10, and Sandy 5
<b>Service credit</b>	10 years
<b>Final compensation</b>	\$3,220

Linda can choose the surviving spouse allowance or she can choose to take a refund of the contributions and interest in Rob's Defined Benefit account. However, *if she does not elect a monthly allowance, the children are not entitled to monthly benefits.*

If Linda elects the survivor benefit allowance, she will immediately receive 10 percent of final compensation for each child (\$322 each) as of the date of Rob's death, until each child reaches age 21.



## SECTION VII

### SURVIVOR BENEFITS





## SECTION VII

### SURVIVOR BENEFITS

#### Linda's Choices

Linda can either defer receipt of her surviving spouse allowance until Rob would have reached his 60<sup>th</sup> birthday (normal retirement age) or she can choose to receive a reduced allowance immediately. (NOTE: The surviving spouse allowance is calculated based on the amount of service credited at death, as if the member lived to age 60 and had retired naming her as an Option 3 beneficiary, which is 50 percent of the modified allowance).

If Linda's choice is to defer receipt of her surviving spouse allowance, the children will receive the following benefit immediately as of the date of Rob's death:

10% of final compensation for each child  
(\$322 x 3 children) ..... \$966

(Linda would receive no spouse allowance until Rob would have reached age 60, which would be 20 years from this time. She would then receive a spouse allowance of \$305.13 for the rest of her life. See below for calculation of the Option 3 beneficiary allowance.)

If Linda elects to take her surviving spouse allowance immediately, the family will receive the following survivor benefit allowance:

Linda's reduced spouse allowance (see calculation below) ..... \$ 53.25  
10% of final compensation for each child  
(\$322 x 3 children) ..... \$966.00  
Total ..... \$1019.25

Each child's separate allowance will stop when that child reaches age 21. After Linda's last child turns 21, she will continue to receive her spouse's allowance, \$53.25 per month in this case, for her lifetime.

In addition, an annual allowance improvement increase of 2 percent of the basic allowance will be added each September, beginning a year after Rob's death.

#### Example Calculations

Rob's unmodified allowance, as if he were age 60

2% x 10 years of service credit x \$3,220 final compensation = ..... \$644.00

Modified allowance, based on Option 3 factor of 94.76%

(member and spouse age 60)

.9476 x \$644 = ..... \$610.24

Option 3 - Beneficiary receives one-half the member's modified allowance

\$610.24 ÷ 2 = ..... \$305.13

Choices Linda has to make for the spouse's monthly allowance:

*deferring allowance until Rob's 60<sup>th</sup> birthday*

$\$610.25 \div 2 = \$305.13$

**OR**

*starting allowance as of the date of Rob's death*

$\$305.13 \times .1745$  (age 40 reduction factor))  
= \$53.25

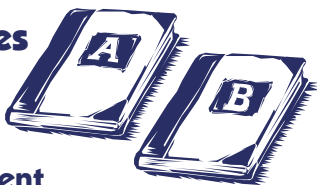
#### ***What if there is no surviving spouse?***

No monthly benefits are payable to survivors if there is no surviving spouse. The member's accumulated retirement contributions and interest would be paid to the member's beneficiary in a lump sum.

If no beneficiary has been designated, CalSTRS must make the payment to the member's estate.



## When a Member Dies After Retirement—Coverages A and B



### Lump-Sum Death Payment

If a member dies after he or she is retired, the lump-sum death payment is the same under both Coverage A and Coverage B.

CalSTRS pays a \$5,763 lump-sum death payment to the beneficiary(ies) of a retired member. (The amount of the payment may be adjusted periodically by the Teachers' Retirement Board.) If more than one beneficiary is named, the payment is divided equally, unless the member specified other percentages of distribution. If there is no designated beneficiary, CalSTRS must make the payment to the estate of the deceased member.

Depending on the annuity option selected for the member's Defined Benefit Supplement account, the balance of the member's DBS account may be distributed to the beneficiary(ies).

### Monthly Allowance

Once a member has retired, no monthly allowance is payable to survivors unless the member has chosen one of the options described in Section V, Service Retirement, Electing an Option. If the member has chosen an option, the option beneficiary(ies) will receive the monthly allowance payable under that particular option. If the retired member has not chosen an option, he or she has been receiving an unmodified monthly allowance.

The option beneficiary who is receiving an allowance may name a beneficiary to receive any remaining accrued allowance upon the option beneficiary's death.

### Unmodified Monthly Allowance

For the retired member who elects the unmodified allowance and receives it for his or her lifetime, no continuing monthly allowance will be payable to a beneficiary.

However, the designated beneficiary(ies) **will** receive the allowance that accrued and was not paid during the month of death plus any

residual contributions and interest that may be in the retired member's account, after all allowance payments made to the retired member have been deducted.

### Example — Dies After Retirement

Elaine had been retired for 10 years at the time of her death on the 15th of the month. Elaine's monthly allowance was \$950. She had \$35,000 in contributions and interest at the time of retirement and received \$115,000 in retirement benefits before her death.

The amount payable to Elaine's beneficiary would be calculated as follows:

<b>Contribution and interest balance at retirement</b>	\$ 35,000
<b>Less retirement allowance paid</b>	- \$115,000
<b>Remaining contributions and interest</b>	0
<b>Accrued monthly allowance during the month of death (1/2 month x \$950)</b>	\$ 475
<b>Lump-sum death payment</b>	\$ 5,763
<b>Total Payable</b>	<b>\$ 6,238</b>

## How to Report the Death of a CalSTRS Member or Benefit Recipient

CalSTRS should be notified as soon as possible of the death of a member, option beneficiary or payee receiving CalSTRS benefits. This can be done by writing to:

CalSTRS  
P. O. Box 15275  
Sacramento CA 95851-0275  
Or by calling the CalSTRS Public Service Office at: 800-228-5453 or 916-229-3870

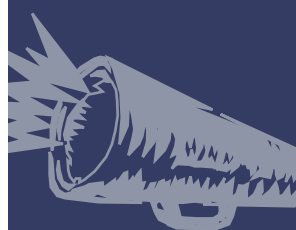
CalSTRS will need the following information:

- deceased person's name and Social Security number
- date of death
- individual's status immediately preceding death: retired, disabled, a member in active teaching status, option beneficiary or other payee
- name, address and telephone number of contact person



## SECTION VII

### SURVIVOR BENEFITS








## SECTION VII



### SURVIVOR BENEFITS

#### Applications

Applications for survivor benefits are now taken over the telephone in most cases. A caseworker will contact the beneficiaries to complete the application over the telephone. The name and telephone number of the caseworker will be provided to the beneficiaries within five days of the notification.



The original or copy of the death certificate must be sent to CalSTRS. CalSTRS payments issued to the deceased after the date of death must be returned to CalSTRS. The appropriate parties will be contacted if additional certificates or documents are needed.

#### Payment of Benefits

CalSTRS generally pays survivor benefits to beneficiaries within 45 days of the receipt of the last required document. Payment may be delayed if documentation, such as marriage or death certificates, is not received in a timely manner or because of the absence of a valid beneficiary designation form on file with current beneficiary addresses.





## VIII. Tax Information and Legal Issues



### Tax Information

#### Income Tax Withholding

Federal and California statutes require income tax withholding on distributions from pension plans, annuities and deferred compensation plans. Income tax will be withheld from the taxable portion of your allowance unless you take action *not* to have taxes withheld. To not have income tax withheld, you must file an Income Tax Withholding Preference Certificate with CalSTRS. This form is included in the service retirement application packet.

If you do *not* have taxes withheld or if you do not have enough withheld, you may need to make estimated tax payments. Generally, your withholding or estimated tax payments or the total of both must cover at least 90 percent of your total tax liability for the current year. Failure to meet the 90 percent limit could subject you to penalties.

A portion of your allowance or other benefit may not be taxable if you made previously taxed contributions to CalSTRS during your career. CalSTRS uses the Simplified General Rule established by the Internal Revenue Service to determine the taxable portion of your allowance. (You may use any acceptable method when reporting to the IRS.) The Simplified General Rule is explained in detail in *Pension and Annuity Income*, IRS publication 575, available from the IRS or in *Pension and Annuity Guidelines*, FTB publication 1005, from the state Franchise Tax Board or in *Notification of Income Tax Withholding*, MS 1357, from CalSTRS.

#### Periodic Payments

Unless you tell CalSTRS otherwise, CalSTRS will withhold income tax on your periodic payments (payments that are received in installments at regular intervals) as if you were married and claiming three dependents.

#### Non-Periodic Payments

CalSTRS withholds income tax from non-periodic payments (such as a lump-sum death payment or the allowance accrued and unpaid on the date of death of a CalSTRS benefit recipient) at a flat rate of 20 percent for federal and 6 percent for state withholding. Your beneficiary can elect not to have state taxes withheld from a nonperiodic payment unless he or she resides outside of the United States or its possessions, in which case, tax withholding is required. (Federal taxes must be withheld unless the payment was a rollover.)

#### Income Tax Withholding Preference Certificate (AD-0908)

If you wish to request a change to your income tax withholding status, you must complete CalSTRS form *Income Tax Withholding Preference Certificate*, AD-0908.

The form must be received by CalSTRS no later than the first day of the month preceding the month you wish the change to take effect. You may obtain an AD-0908 from CalSTRS by calling the CalSTRS automated telephone system at 800-228-5453 or by downloading the form from the CalSTRS Web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov).

#### Lump-Sum Distributions

If you receive a lump-sum distribution, including a refund of your contributions, you should be aware that the Internal Revenue Code provides several complex rules regarding the taxation and penalties of such distributions. You may be eligible to defer tax liability on the taxable amount of the



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INFORMATION







## SECTION VIII

### TAX/LEGAL INFORMATION



distribution by rolling over that amount into another qualified retirement plan or IRA.


To take advantage of these provisions, the distribution **MUST** be made by a trustee-to-trustee transfer. If you request a rollover distribution, additional information will be provided. Contact the CalSTRS Public Service Office at 800-228-5453 or 916-229-3870 for information regarding rollovers.

#### Source Tax

Pursuant to federal law, if you are *not* a resident of California, you are not subject to California state tax. However, CalSTRS benefits may be subject to taxation to the state in which you do reside.

CalSTRS will not withhold state income taxes for benefit recipients who live outside California *unless it is requested by filing an Income Tax Withholding Preference Certificate, AD 0908.*

CalSTRS recommends you consult a qualified tax professional for specific tax advice. You may contact the Internal Revenue Service, the California State Franchise Tax Board or a



qualified tax adviser for information relevant to your individual situation. For general information on withholding tax from CalSTRS benefit payments, call CalSTRS Teletalk at 800-228-5453 and request message #650.

#### Internal Revenue Code Section 401

Section 401 (a) (9) of the IRC and the California Education Code require CalSTRS to begin a distribution of a member's benefits no later than April 1 of the calendar year following the year the member reaches age 70 1/2.

CalSTRS will not begin distribution of your account if:

- you are currently employed in a position subject to coverage under the Teachers' Retirement Plan

- your current employment is covered by, or you are retired from, another public retirement system. For a listing of other public retirement systems, see Section XI, Glossary of Terms, Concurrent Retirement.

Annually, CalSTRS attempts to notify members who may be impacted by these statutory provisions. Therefore, it is important for members to ensure CalSTRS has a current mailing address for them at all times.

*Note: The Internal Revenue Service may impose an excise tax equal to 50 percent of the minimum required distribution if the member receives less than the minimum-required distribution for a taxable year.*

#### Internal Revenue Code Section 415

Section 415 of the IRC imposes a limit on benefits that can be paid by a state or local government defined benefit plan such as that administered by CalSTRS. Benefits are limited to an absolute dollar amount that is indexed for inflation. For 2001, the dollar limit is \$140,000, at ages 62 through 65. The limit is lower below these ages and higher above these ages.

Currently, few CalSTRS members have been, or are likely to be, affected by the limits of Section 415. CalSTRS will notify you, upon receipt of your application for retirement, if your benefit will be affected by the IRC Section 415 benefit limit. Pursuant to federal law, CalSTRS has established a Replacement Benefits Program from which benefits in excess of the Section 415 limits can be paid. If your benefit is limited by IRC Section 415, in addition to the limited benefit, you will receive a separate payment from the Replacement Benefits Program.

### Legal Issues

#### Subrogation

When a third party causes the injury or death of a CalSTRS member before retirement and the member or family pursues civil litigation, CalSTRS must be informed. CalSTRS has a right to participate in the action to recover the expenses and



legal costs the injury or death generated. The process that permits this participation is called subrogation.

### Power of Attorney

CalSTRS members can arrange for management of their assets, should they become incapacitated, through the use of a durable power of attorney. CalSTRS can provide you with some of the necessary forms.

When a CalSTRS benefit recipient becomes incapacitated and can no longer manage his or her financial affairs, CalSTRS may need to determine who has the legal authority to act on the recipient's behalf regarding the recipient's CalSTRS account and benefits. That authority could extend to changing the recipient's address, instituting or changing direct deposit authorizations and changing tax withholding preferences.

A durable power of attorney is the most common method used by a benefit recipient to delegate authority to act for the recipient. This document permits a benefit recipient to act as a principal and appoint an agent. The document also identifies the extent of authority granted to the agent.

A durable power of attorney can be drafted by an attorney or purchased as a commercially available fill-in-the-blank form. CalSTRS has a *Special Power of Attorney*, MS 1307, form available that may be used by a principal. The CalSTRS MS 1307 enables your named agent to handle all matters pertaining to a CalSTRS account, unless barred by law.

In addition, CalSTRS requires an agent to execute an affidavit affirming the agent's authority under the Durable Power of Attorney. For an agent's convenience, CalSTRS has a *Declaration of Attorney in Fact*, MS 1432, that can be completed by the agent each time the agent makes a request.

If you wish to obtain a *Special Power of Attorney*, MS 1307, or a *Declaration of Attorney in Fact*, MS 1432, call the

CalSTRS automated telephone system at 800-228-5453 or 916-229-3870 or download the form from [www.calstrs.ca.gov](http://www.calstrs.ca.gov).

### Marriage Dissolution or Annulment and CalSTRS Benefits

If you have been divorced or are presently going through a divorce, there may be a community property interest in your CalSTRS benefits. You may need to refer to your Marital Settlement Agreement and/or contact an attorney for legal advice on how your benefits may be affected.

CalSTRS has *Community Property Information*, PAO-211, for members and their attorneys. To receive a copy of this booklet, contact the CalSTRS Public Service Office at 800-228-5453. The booklet can be seen online at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) in the Publications section.



## SECTION VIII

### TAX/LEGAL INFORMATION







## SECTION VIII

### TAX/LEGAL INFORMATION





# IX. Cash Balance Benefit Program

## CalSTRS Cash Balance Benefit Program Available To Part-time Educators

CalSTRS has designed a program specifically for educators who work part time. Your eligibility is determined by your basis of hiring, that is, your contract, rather than actual hours you work. If you are hired to work on an hourly basis, without a contract, for K-12, Adult Education, Regional Occupational Program or at one or more community colleges, the CalSTRS Cash Balance Benefit Program gives you an opportunity to save retirement dollars for the long term.

Features of the CB Benefit Program include:

- **immediate vesting**  
You do not have to wait to accumulate years of service credit to become eligible for benefits.
- **variable contribution rates can be bargained**  
Your employer must contribute at least 4 percent of your salary and, generally, you also pay 4 percent. However, alternative rates may be bargained by each employer. You receive all contributions—both yours and your employer's—and interest, if you terminate public school employment.
- **secure investments**  
The CB Benefit Program investment portfolio is managed by CalSTRS investment professionals, who have a long and successful record of achievement.
- **guaranteed interest rate**  
The interest rate is set by the Teachers' Retirement Board for each plan year based on the 30-year Treasury rate. Effective for 2000-01, the rate is 6.25 percent.

- **additional earnings credit**

The Teachers' Retirement Board may, on an annual basis, grant an additional earnings credit to be added to participant accounts.

- **portability to meet the needs of a part-time educator**

In most cases, you can continue participation in the CB Benefit Program if you move to another employer that offers the program.

- **options if you leave public school employment**

If you leave public school employment entirely, you have three options: leave the contributions on deposit in your account; roll over your CB Benefit Program funds to another eligible retirement plan or an IRA; or you can withdraw all contributions, including employer contributions, plus interest, subject to a one-year waiting period following the date of service termination.

- **flexibility at retirement**

You can take your contributions, your employer's contributions, plus compounded interest in a lump sum. You can instead choose an annuity to provide monthly retirement benefits if your balance is at least \$3,500.

- **no fees or charges for participation**

- **all employee contributions are pre-tax dollars**

- **available by payroll deduction**

## Are You Eligible to Participate?

When you are hired by a K-12 district, county office of education or a community college district, your employer is required to notify you that you can elect membership in the CalSTRS Defined Benefit Program, even though you are a part-time employee. You have the option to decide on participating in the CB Benefit Program, electing DB Program membership or an alternative plan your employer may offer. If you choose CB Benefit Program participation and your basis of employment is changed to half-time or more, you will automatically become a member of the CalSTRS DB Program.

However, as long as your basis of employment or contract remains less than



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CASH BALANCE  
BENEFIT  
PROGRAM







## SECTION IX

### CASH BALANCE BENEFIT PROGRAM



half time, you have the *choice* of participating either in the CalSTRS CB Benefit Program or the CalSTRS Defined Benefit Program in a district that offers the CB Benefit Program.

### Work for Multiple Employers?

You can contribute to the CB Benefit Program at one or more participating school districts or community colleges if your basis of employment is less than half time for each position at each school or college district.

### Participating School Districts Can Offer CB Benefit Program

School districts and community colleges can offer their part-time employees the CB Benefit Program. Offering the CB Benefit Program may be bargained, as some districts are doing currently. Contact your district(s) or county superintendent of schools or union representative to determine if the CB Benefit Program is available.



### For More Information About the CalSTRS CB Benefit Program

For detailed information about the CalSTRS CB Benefit Program, call CalSTRS Teletalk at 800-228-5453 or visit the CalSTRS Web site home page at [www.calstrs.ca.gov](http://www.calstrs.ca.gov). You may e-mail questions to [cashbal@calstrs.ca.gov](mailto:cashbal@calstrs.ca.gov).





# X. General Information

# R

## Regional Counseling Centers

Regional counselors are available to assist members in retirement planning and to provide descriptions and information about CalSTRS benefit programs. This service is provided on a one-to-one basis by appointment or in a group workshop setting. To make an appointment for an interview, call the Counseling Center nearest you. Appointments are usually scheduled four weeks in advance.

*If you wish to make an appointment regarding disability programs and benefits, inform the appointment coordinator so a longer appointment period can be scheduled.*

Host County/Serving	Phone Number
<b>Alameda</b>	
Alameda .....	(510) 670-4200
<b>Contra Costa</b>	
Contra Costa .....	(925) 942-5375
<b>Fresno</b>	
Fresno .....	(559) 497-3797
Madera	
<b>Kern</b>	
Kern .....	(661) 636-4880
Inyo	
<b>Los Angeles</b>	
Los Angeles .....	(562) 922-6414, OR
	(562) 922-6838
<b>Merced</b>	
Merced .....	(209) 381-6618
Mariposa	
<b>Orange</b>	
Orange .....	(714) 966-4251

### Sacramento

Sacramento ..... (916) 971-7918  
Alpine, Amador, Colusa, El Dorado, Mono,  
Nevada, Placer, Sierra, Solano, Sutter, Yolo,  
Yuba

### San Bernadino

San Bernadino ..... (909) 433-4686  
Riverside

### San Diego

San Diego ..... (858) 292-3565  
Imperial

### San Francisco

San Francisco ..... (415) 241-6014

### San Joaquin

San Joaquin ..... (209) 468-4864  
Calaveras, Tuolumne

### San Mateo

San Mateo ..... (650) 312-7712  
San Francisco

### Santa Barbara

Santa Barbara ..... (805) 928-0542  
San Luis Obispo

### Santa Clara

Campbell ..... (408) 341-7265

### Santa Cruz

Santa Cruz ..... (831) 476-7140  
Monterey, San Benito

### Shasta

Shasta ..... (530) 225-0203  
Butte, Del Norte, Glenn, Humboldt, Lassen,  
Modoc, Plumas, Siskiyou, Tehema, Trinity

### Solano

Fairfield ..... (707) 399-4445

### Sonoma

Sonoma ..... (707) 524-2627  
Lake, Marin, Mendocino, Napa

### Stanislaus

Modesto ..... (209) 525-4831

### Tulare

Tulare ..... (559) 733-6760  
Kings

### Ventura

Ventura ..... (805) 383-1992



## SECTION X

## GENERAL INFORMATION







**SECTION X**

**GENERAL  
INFORMATION**

**Information Services**

Booklets and brochures providing additional information on benefit programs can be ordered, and frequently asked questions can be answered, on CalSTRS specialized telephone information system, Teletalk. Individual questions can be answered by telephone through the CalSTRS Public Service Office or by writing to CalSTRS.

**Mailing Address**

California State Teachers' Retirement System  
P.O. Box 15275  
Sacramento, CA 95851-0275

**Telephone Numbers**

Public Service (toll-free) 800-228-5453  
Public Service-local .. 916-229-3870  
TDD ..... 916-229-3541  
Teletalk ..... 800-228-5453  
Financial Education Workshop  
Registration ..... 888-394-2060

**CalSTRS World Wide Web  
Home Page**

<http://www.calstrs.ca.gov>

The CalSTRS home page provides information for members, employers, and CalSTRS' stakeholders. The CalSTRS' site includes such useful features as the Retirement Benefit Calculator, which allows members to estimate their retirement benefit; and an on-line feedback form. A variety of other topics, ranging from the Teachers' Retirement Board agenda items to CalSTRS' various publications, are updated throughout the year.

With a focus on ease of use, the CalSTRS home page will continue to develop as the popularity of the Internet as an alternative information delivery system increases.

**Brochures Available**

*Cash Balance Benefit Program  
Information Packet*  
*Community Property Information*  
*Purchase Additional Service Credit*  
*Refund: What To Consider*



## Teletalk System 800-228-5453

General information about a variety of CalSTRS subjects is available by touch-tone telephone from the CalSTRS Teletalk information system. You can also request forms, duplicate 1099R's (member distribution tax form), statements of account and brochures. Teletalk calls are answered electronically. When a call is answered, you will be asked to enter a three-digit message code to designate the information you wish to receive. You may select from the codes listed below.



## Teletalk Information Message Codes

### 90 ..... What's New

### 100 ..... General Information

- 101 ..... What is CalSTRS?
- 102 ..... Location, telephone numbers, office hours of CalSTRS
- 103 ..... How to obtain CalSTRS booklets and forms
- 104 ..... How to change your address with CalSTRS
- 105 ..... Direct Deposit
- 106 ..... What to do in the event of a lost check or missing direct deposit payment
- 107 ..... How to have insurance premiums deducted from your check
- 108 ..... Spousal acknowledgment of benefit selection
- 109 ..... Community property settlements
- 110 ..... Medicare for active CalSTRS members
- 111 ..... Member Home Loan Program
- 112 ..... Which benefit coverage do I have, A or B?
- 113 ..... Subrogation information
- 114 ..... CalSTRS Financial Education Program
- 115 ..... Unused sick leave
- 116 ..... Zero-Down Preferred Home Loan Program
- 117 ..... No Points, No Fees Home Loan Program
- 118 ..... 2000-01 FEP Workshops

### 150 ..... Membership, Service Credit and Contributions

- 151 ..... Who must be a member of CalSTRS?

- 152 ..... Can someone not mandated to CalSTRS membership elect optional membership?
- 153 ..... What is service credit and how is it determined?
- 154 ..... Contributions to CalSTRS: what are your costs as a member?
- 155 ..... Employer-paid member contributions

### 200 ..... Regional Counseling Services

- 201 ..... How to make an appointment for a Regional Counseling interview
- 202 ..... Regional Counseling appointment phone numbers for members in Southern California from Ventura to San Diego counties
- 203 ..... Regional Counseling appointment phone numbers for members in the San Joaquin Valley from Kern to Calaveras counties
- 204 ..... Regional Counseling appointment phone numbers for members in the coastal areas from Santa Barbara to Mendocino counties
- 205 ..... Regional Counseling appointment phone numbers for members of the northern counties from Trinity to Glenn, and east to Nevada border
- 206 ..... Regional Counseling appointment phone numbers for members of Alpine, Colusa, Mono, Sacramento, Solano and Yolo counties, and east to Nevada border

### 250 ..... Purchase of Additional Service Credit and Redeposits

- 251 ..... What is a redeposit or the purchase of additional service credit, and what types of service can be purchased?
- 252 ..... What will it cost to purchase service credit or redeposit previously refunded contributions?
- 253 ..... How and when is payment made for additional service credit?
- 254 ..... Out-of-state service credit
- 255 ..... Nonqualified service credit

### 300 ..... Pre-Retirement Election of an Option

- 301 ..... What is a pre-retirement election of an option and the eligibility requirements?
- 302 ..... Cancellation or change of a pre-retirement election of an option



## SECTION X

## GENERAL INFORMATION








## SECTION X



## GENERAL INFORMATION



### 350 ..... Service Retirement

- 
- 351 ..... How to apply for service retirement
  - 352 ..... Minimum eligibility for service retirement
  - 353 ..... Overview of unmodified and option benefits
  - 354 ..... Unmodified service retirement allowance
  - 355 ..... Option 2, service retirement
  - 356 ..... Option 3, service retirement
  - 357 ..... Option 4, service retirement
  - 358 ..... Option 5, service retirement
  - 359 ..... Option 6, service retirement
  - 360 ..... Option 7, service retirement
  - 361 ..... Option 8, service retirement, multiple option election
  - 362 ..... Alternative A—Standard Early Retirement
  - 363 ..... Alternative B—“30 and Out” Standard Reduction
  - 364 ..... Alternative C—Early Retirement Limited Term Reduction Plan
  - 365 ..... Alternative N—Normal Retirement
  - 366 ..... How your service retirement allowance is calculated
  - 367 ..... When you can expect your first retirement check
  - 368 ..... When your service retirement allowance will be finalized
  - 369 ..... How to change an option after service retirement due to the death of the option beneficiary
  - 370 ..... How to change an option after service retirement due to the dissolution of marriage, annulment, or legal separation
  - 371 ..... Service retirement after reinstatement to active status from an earlier service or disability retirement
  - 372 ..... Earning limitations after retirement
  - 373 ..... One-year final compensation
  - 374 ..... Express benefits
  - 375 ..... Golden Handshake
  - 376 ..... Class-Size Reduction Program
  - 377 ..... Benefit enhancement packet
  - 378 ..... Changing option beneficiary to your spouse



### 400 ..... Disability Benefits

- 401 ..... What is reasonable accommodation and how does it apply to you?
- 402 ..... The use of independent medical or vocational evaluations
- 403 ..... May I continue to work while filing my application for disability benefits?

### 420 ..... Coverage A, Disability Allowance and Rehabilitation Program

- 421 ..... Overview of Coverage A, the Disability Allowance Program
- 422 ..... How to apply for a disability allowance and eligibility requirements
- 423 ..... How your disability allowance is calculated
- 424 ..... How much income can you earn and still receive your disability allowance?
- 425 ..... What is continued qualification for a disability allowance
- 426 ..... When does your disability allowance end and your service retirement begin?
- 427 ..... What is the CalSTRS Rehabilitation Program and how does it affect you?
- 428 ..... Eligibility requirements for dependent children

### 450 ..... Coverage B, Disability Retirement and Rehabilitation Program

- 451 ..... Overview of Coverage B, the Disability Retirement Program
- 452 ..... Application and eligibility requirements for a disability retirement
- 453 ..... How your disability retirement is calculated
- 454 ..... Earning limitations after disability retirement
- 455 ..... What is “continued qualification” for disability retirement
- 456 ..... Rehabilitation services for members on disability retirement
- 457 ..... Eligibility requirements for dependent children
- 458 ..... Overview of unmodified and option benefits in the Disability Retirement Program
- 459 ..... Unmodified disability retirement allowance
- 460 ..... Option 2, disability retirement
- 461 ..... Option 3, disability retirement
- 462 ..... Option 4, disability retirement
- 463 ..... Option 5, disability retirement
- 464 ..... Option 6, disability retirement
- 465 ..... Option 7, disability retirement
- 466 ..... Option 8, disability retirement
- 467 ..... Changing an option or option beneficiary for disability retirement
- 468 ..... Workers Compensation’s effect on disability retirement



## 500 ..... Death Benefits

- 501 ..... How to report a death to CalSTRS
- 502 ..... The importance of beneficiary designations
- 503 ..... What documentation is required for payment of a lump-sum death benefit?

## 520 ..... Coverage A, Family Allowance Program

- 521 ..... Overview of Coverage A, Family Allowance Program
- 522 ..... Benefits payable at the death of a member **before** service retirement or while receiving a CalSTRS disability allowance
- 523 ..... Eligibility requirements for a family allowance
- 524 ..... Family allowance death benefits

## 550 ..... Coverage B, Survivor Benefits

- 551 ..... Overview of Coverage B survivor benefits
- 552 ..... Benefits payable at death of a member **before** service retirement or disability retirement
- 553 ..... Benefits payable to an eligible spouse at death of a member **before** service or disability retirement.
- 554 ..... Children's benefits and eligibility requirements
- 555 ..... Benefits payable at death of a member **after** service or disability retirement

## 600 ..... Increases in Benefits

- 601 ..... Annual 2 percent cost-of-living improvement
- 602 ..... Quarterly supplemental payments
- 603 ..... Change in quarterly supplemental payments
- 604 ..... Minimum guaranteed monthly allowance
- 605 ..... Surviving Remarried Spouse Reinstatement Program

## 650 ..... Tax Liability

- 651 ..... Monthly allowance tax withholding requirements
- 652 ..... Refunds and lump-sum distribution tax withholding requirements
- 653 ..... How to request a duplicate or corrected 1099R Withholding Statement
- 654 ..... When will I incur income tax liability?
- 655 ..... IRS Code Section 415, what it means to you
- 656 ..... 1099R Information for pre-1989 retired members
- 657 ..... Repeal of the state source tax

## 700 ..... Refund of Contributions

- 701 ..... What you should know about refunds
- 702 ..... How to request a refund of your contributions
- 703 ..... Refund rollovers

## 750 ..... Deferred Savings Program

- 751 ..... What is the CalSTRS 403(b) Program and how does it work?

## 800 ..... Teachers' Retirement Fund Investment

- 801 ..... Shareholder voting policy and procedures
- 802 ..... Investments assets portfolio

## 900 ..... Cash Balance Benefit Program

- 901 ..... What is the CalSTRS Cash Balance Benefit Program?
- 902 ..... CB Benefit Program eligibility
- 903 ..... CB Benefit Program advantages
- 904 ..... CB Benefit Program benefits
- 905 ..... Participation in the CB Benefit Program



### SECTION X

### GENERAL INFORMATION

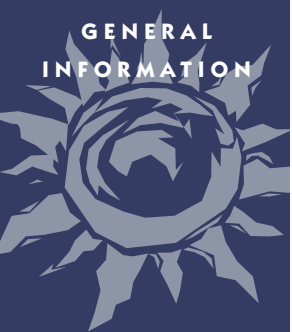




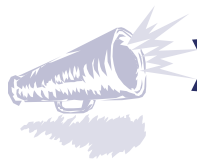


## SECTION X

### GENERAL INFORMATION







# XI. Glossary of Terms



SECTION XI

## GLOSSARY OF TERMS



### A

#### Age Factor

A percentage determined by your age on the last day of the month in which your retirement becomes effective. It equals 2 percent at age 60 and is reduced by 1/2 of 1 percent for each month or fraction of a month in which the member is under 60 but at least 55. For members seeking early retirement who are age 50, but under age 55, the factor is further reduced by 1/4 of 1 percent for each month or partial month under age 55. For members over age 60, the factor is increased by 0.033 for every quarter year of age to a maximum of 2.4 percent at age 63 and over.

#### Allowance

A monthly benefit payable to a retired member, disabled member or beneficiary.

#### Annual Statement of Account

A statement mailed directly to active and inactive members each year that provides a summary of Defined Benefit Program transactions during the prior year, service credit, contribution and interest balances, key provisions of the CalSTRS DB Program and beneficiary designation information as of the previous June 30. If you have purchased additional service credit or redeposited contributions that were previously refunded, the changes will first appear on the statement of account for the fiscal year during which the final payment was made. A separate Defined Benefit Supplement Account will be mailed annually to active DB members. Cash Balance Benefit Program participants are mailed a statement of their account's contributions and accrued interest.

### B

#### Beneficiary

Any person or entity receiving or entitled to receive payments because of the death of a member. Only a person (not an estate, trust or corporation) may be designated to receive an option allowance upon the death of a member.

#### Benefit Formula (Service Retirement)

For the unmodified allowance, multiply service credit by the age factor then by final compensation.

### C

#### CalPERS

California Public Employees' Retirement System.

#### CalSTRS

California State Teachers' Retirement System

#### CalSTRS Home Loan Program

A program for active or retired DB members and CB Benefit Program participants to apply for conventional, fixed-rate, first mortgage loans to purchase or refinance primary residences.

#### Career Factor

For members who retire on or after January 1, 1999, with at least 30 years of earned service credit, 0.2 percent is added to the age factor up to a maximum age factor of 2.4 percent, which is reached at age 61 1/2.

#### Cash Balance Benefit Program

Alternative CalSTRS retirement plan for educators hired to work part time. Cash Balance Benefit Program is an alternative to Social Security, private plans or the CalSTRS Defined Benefit Program.

#### Certified Copy

The official document issued by the Bureau of Vital Statistics or County Recorder to record a birth, marriage or death.





## SECTION XI



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### Class of Employees

A number of employees considered as a group because they are employed to perform similar duties, are employed in the same type of program or share other similarities related to the nature of the work being performed. For example, a “class of employees” could be guidance counselors in a high school district.



### COLA

Cost-of-living adjustments are automatic, annual increases to the monthly benefit, awarded annually, starting September 1 after the first anniversary of the effective date of the benefit. COLA's are calculated at 2 percent of the initial benefit.



### Concurrent Retirement

Retiring at the same time from CalSTRS and from certain other California public retirement systems (Legislator's Retirement System, Public Employees' Retirement System, San Francisco City and County Employees' Retirement System, University of California Retirement System or those systems established under the County Employees' Retirement Law of 1937). CalSTRS may use the salaries for service performed under the other retirement system to calculate the CalSTRS retirement allowance.

### County Employees' Retirement Law of 1937

The 1937 Act law includes retirement systems from the following counties: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura. Also known as '37 Act counties.

### Coverage A

Coverage A refers to the disability allowance and family allowance programs that existed prior to October 16, 1992. Coverage A is mandatory for all members of the DB Program who were receiving a disability allowance or a service retirement allowance with a benefit effective date prior to October 16, 1992. Members who were not receiving a benefit on October 16, 1992, were permitted to retain this coverage or elect coverage B.

### Coverage B

The disability retirement and survivor benefits programs that became effective on October 16, 1992. Coverage B is mandatory for all new members and for members who were not receiving a benefit, had membership effective dates prior to October 16, 1992 and elected this coverage.

### Creditable Compensation

Salary and other remuneration payable in cash by an employer to a member for creditable service.

### Creditable Service

Specific employment activities such as teaching, vocational or guidance counseling, services related to school curriculum and a variety of administrative duties performed for a school district, community college district or county superintendent of schools.

### Credited Interest

At the end of each fiscal year, interest is credited to the accumulated contributions and interest in each active and inactive member's account at the credited interest rate adopted by the Teachers' Retirement Board. It is currently set at a rate that approximates the yield on two-year Treasury notes.

### Credited Service

Service credit for which required contributions have been paid.



## D

### Defined Benefit Program

A distinct component of the State Teachers' Retirement Plan that provides retirement and ancillary benefits for California's public school educators who are members of the program.

### Defined Benefit Supplement Program

A supplemental benefit program with benefits based on contributions and interest credited to individual members accounts. Funds will come January 1, 2001 through 2010, from 25 percent of each member's monthly CalSTRS contribution and, starting no earlier than July 1, 2002, from compensation earned from service in one school year that exceeds that position's one full-time equivalent.



### **Disability Allowance (Coverage A)**

A feature of the Defined Benefit Program selected by and offered to individuals who became members before October 16, 1992, that provides income replacement for disabled members. The allowance is paid as long as the individual is disabled or until the age of 60 when the member becomes eligible for service retirement.

### **Disability Retirement (Coverage B)**

A feature of the Defined Benefit Program for individuals who became members after October 15, 1992, or elected this feature during the special election held October 1992 to April 1993. Those receiving payments under Coverage B are “retired” and will be paid as long as they are disabled, without respect to age.

### **Disability or Disabled**

A medically determinable physical or mental impairment that is permanent or that can be expected to last continuously for at least 12 months. The disability must prevent a member from performing the member’s usual duties with reasonable modifications or the duties of a comparable level for which the member is qualified or can become qualified by education, training or experience. A member may apply for disability while still employed. Any impairment from a willful self-inflicted injury shall not constitute a disability.

### **Disabled Member**

A member to whom a disability allowance is payable.

## **E**

### **Early Retirement Limited Term Reduction Program (Alternative C)**

A retirement alternative for Defined Benefit members. A member must be at least age 55, but under age 60, and have at least five years of credited service, for retirement under this alternative. The member receives one-half the monthly allowance amount calculated as if the member were age 60. The reduced allowance will continue for the same number of months after age 60 that benefits were received before age 60. After that, the normal service retirement allowance will be paid.

### **Eligible Child**

**Coverage A:** A member’s unmarried offspring, adopted child or stepchild up to age 22 who is dependent upon the member on the effective date of the disability allowance or the date of the member’s death.

**Coverage B:** A member’s child, adopted child or stepchild, up to 21 years of age, if dependent on the member on the effective date of disability retirement or the date of the member’s death.

### **Employer Pick-Up**

A provision of Internal Revenue Code Section 414(h)(2) under which a member’s contributions may be “picked-up” by the employer for the sole purpose of deferring income taxes on that portion of the member’s compensation.

## **F**

### **Family Allowance (Coverage A)**

An amount paid to the surviving spouse with eligible children after the member’s death. The maximum amount is 90 percent of the member’s final compensation (40 percent for spouse, ten percent for each eligible child, to a maximum of five children. Also provides Option 3 benefit to spouse at age 60).

### **Final Compensation**

The highest average annual compensation earnable by a member during any period of three consecutive years of CalSTRS-covered paid employment. (One-year final compensation is available if the member has at least 25 years of credited service or if it is included in a written collective bargaining agreement for classroom teachers.)

### **Full-Time**

The number of days or hours of creditable service the employer requires a class of employees to perform in a school year under a collective bargaining or employment agreement to receive the earnable compensation.

## **G**

### **Golden Handshake**

An early retirement incentive program that gives CalSTRS members, whose employers elected, prior to January 1, 1999, to



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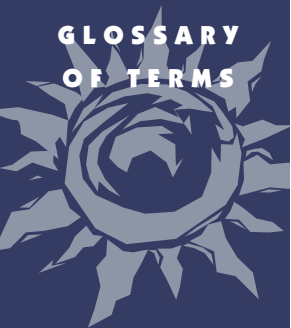






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participate and who meet eligibility requirements, two additional years of service credit upon retirement if they file a CalSTRS retirement application with an effective date within the window period established by the employer.

## I

### Indexed Final Compensation Factors

Factors developed annually based on the change in the members' statewide average earnable salary. These factors are used to calculate indexed final compensation.

### Indexed Final Compensation

The final compensation increased to reflect the average earnable salary increase of all active members of the Defined Benefit Program to reflect changes from the initial benefit date to the current date.

## L

### Longevity Bonus

An increase to the monthly unmodified retirement allowance of those who accumulate at least 30 years of service credit between January 1, 2001 and January 1, 2011, regardless of when they retire. An inactive member at the time of retirement can still qualify for the longevity bonus.

### Lump-Sum Death Payment

A one-time payment made to the designated beneficiary(ies) upon the death of the member.

## M

### Member

Any person who has performed creditable service in the Defined Benefit Program for an employer and has earned compensation for that service and has not received a refund for that service, unless specifically excluded by law.

**Active Member:** A member who earns creditable compensation during the school year.

**Inactive Member:** A member who, by the pay period ending June 30, has not earned creditable compensation during the

school year.

**Disabled Member:** A member to whom a disability allowance is payable.

**Retired Member:** A member who has terminated employment and has retired for service or has retired for disability and to whom a retirement allowance is payable.

**Vested Member:** A member who has accrued five years of credited service to be eligible for service retirement, disability retirement, or disability allowance.

## N

### Nonconsecutive Final Compensation

The highest average annual compensation earnable during any period of three years of paid employment covered by CalSTRS. Available for those members who received a salary reduction due to a reduction in school funds. Upon certification from the employer, CalSTRS will use the highest three nonconsecutive school years to determine final compensation.

## O

### Options

**Option 2:** Upon the member's death the modified allowance will continue to be paid to the option beneficiary for life.

**Option 3:** Upon the member's death, one-half the modified allowance will continue to be paid to the option beneficiary for life.

**Option 4:** Upon the death of either the member or the option beneficiary, two-thirds the modified allowance will continue to be paid to the survivor for life.

**Option 5:** Upon the death of either the member or the option beneficiary, one-half the modified allowance will continue to be paid to the survivor for life.

**Option 6:** Upon the member's death, the modified allowance will continue to be paid to the option beneficiary for life. If the option beneficiary predeceases the retired member, the retired member's allowance will be raised or "pop up" to the unmodified level.



**Option 7:** Upon the member's death, one-half the modified allowance will continue to be paid to the option beneficiary for life. If the option beneficiary predeceases the member, the member's allowance will be raised or "pop up" to the unmodified level.

**Option 8:** Upon the member's death, allowances will be paid to multiple option beneficiaries for life. The allowance paid to an individual beneficiary depends on which of Option 2 through 7 was selected for that beneficiary, and what percentage of the total allowance was subject to the option and beneficiary selected.

### Option Beneficiary

The person designated by a member to receive a monthly allowance after the member's death.

### Option Factor

An actuarially determined factor used to calculate the amount of monthly allowance when an option is selected to provide a lifetime monthly allowance to a designated option beneficiary after the member's death. (See Options)

## P

### Parent

A natural parent or parent who adopted the member prior to the member's attainment of 18 years of age or marriage, whichever occurs earlier.

### Participant

A person who has performed creditable service subject to coverage by the Cash Balance Benefit Program and who has contributions credited under the Cash Balance Benefit Program or is receiving an annuity under the Cash Balance Benefit Program by reason of creditable service.

### Post-Tax Contributions

Member contributions paid into the CalSTRS Defined Benefit Program based on creditable compensation from which federal and state income taxes have been withheld.

### Projected Final Compensation

The final compensation used to determine the Disability Allowance or Family Allowance, under Coverage A, increased by 2 percent,

compounded annually, to the earlier of age 60 or the date the Disability Allowance is terminated.

### Projected Service

The amount a disabled member may earn in a month without a reduction in the disability allowance. Credited service plus the service that would have been earned to age 60 (or termination of the Disability Allowance, whichever comes first) had the member continued to work and receive service credit at the same rate as the highest of any one of the three school years immediately preceding death or the date the Disability Allowance began to accrue under Coverage A.

## R

### Reduced Workload Program

A feature under which eligible members may reduce their workload from full time to part time (a minimum of 50 percent of full time) and still receive a full year of service credit. Members may participate in this program for up to 10 years before retirement.

### Refund

A distribution of all member contributions, tax-deferred contributions and interest credited on those contributions after a member has terminated employment with the California public school system.

### Reinstatement

Returning to employment in a position requiring CalSTRS membership, such as a retired educator returning to the classroom in a credentialed position or a person who terminated CalSTRS-covered employment and took a refund of his or her CalSTRS account.

### Retirement Allowance

A monthly benefit paid to a member each month after retirement.

### Retirement Allowance Calculation

The formula used to calculate the amount CalSTRS members will receive each month after retiring for service. The formula is: service credit x age factor (2 percent at age 60) x final compensation.



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#### Return of Member Contributions

A one-time payment of all accumulated member contributions. Payment equals the member's total contributions and interest at time of retirement, disability or death, less the sum of all monthly allowance payments received. This is payable when there are no longer any beneficiaries or survivors who qualify for a continuing monthly allowance from the program.



#### S

##### Service Credit

Accumulated period of time in years or partial years, for which a member earned creditable compensation and made contributions under the Defined Benefit Program.

##### Single-Month Earnings Limit

(Disability Allowance, Coverage A)

The amount a disabled member may earn a six-month period without a reduction in the disability allowance. The member's disability benefit and employment earnings in a single month are added together and compared to the indexed final compensation for the month. Amounts in excess of the limit must be offset by CalSTRS.



##### Six-Month Earnings Limit

(Disability Allowance, Coverage A)

The member's employment earnings and disability benefit over any continuous six-month period are compared to  $66\frac{2}{3}$  of the indexed final compensation. If they exceed this limit, the disability can be terminated unless the member on disability is enrolled in a CalSTRS- approved rehabilitation plan.

##### Standard Early Retirement

(Alternative A)

A retirement alternative under which a member must be at least 55 years old but under age 60 and have a minimum of five years of service credit in order to receive a retirement allowance.

##### Subrogation

A process that permits CalSTRS to participate in an action to recoup expenses and legal costs when a third party causes the injury or death of a CalSTRS member before retirement and the member or family pursues civil litigation.

#### Supplemental Benefit Maintenance Account

The account from which payments are made to members and beneficiaries whose current allowance is worth less than 75 percent of the original allowance when adjusted for increases in the California Consumer Price Index.

#### Surviving Spouse

A person who was married to the member for at least 12 months prior to the member's death. May be married less than 12 months if a child was born during the marriage or if the surviving spouse is carrying the member's unborn child.

#### T

##### Teletalk

An automated response system that provides general information about a variety of CalSTRS subjects. Teletalk is available by touch-tone telephone from the CalSTRS Teletalk information system. Teletalk calls are answered electronically. When a call is answered, the caller is asked to enter a three-digit message code to designate the recorded message desired. The caller can also request forms, duplicate 1099R's, Statements of Account, and brochures.

##### 30 and Out (Alternative B)

A retirement alternative under which a member must be at least 50 years old but under age 55 with a minimum of 30 years of credited service in order to receive a retirement allowance.

#### U

##### Unmodified Allowance

The highest monthly amount payable to a member retired for service or disability prior to any modification for election of an option.

#### V

##### Vested Member

A member of the CalSTRS Defined Benefit Program with five years of credited service.

##### Voluntary Investment Program

Tax-deferred supplemental savings program that complements the CalSTRS DB, DBS and CB Benefit programs.





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effective January 1, 2001